

JPRS 77344

9 February 1981

Latin America Report

No. 2248

FBIS FOREIGN BROADCAST INFORMATION SERVICE

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9 February 1981

LATIN AMERICA REPORT

No. 2248

CONTENTS

ENERGY ECONOMICS

INTER-AMERICAN AFFAIRS

Briefs

Ratification of Oil Agreement	1
-------------------------------	---

BOLIVIA

Energy Minister Explains 1981 Plan To Redirect YPPB Activities (EL DIARIO, 31 Dec 80).....	2
---	---

Gas Rationing Should Be Considered, Says Energy Official (PRESENCIA, 29 Dec 80).....	5
---	---

Need To Import Oil Byproducts Termed Possibility (PRESENCIA, 23 Dec 80).....	6
---	---

Completed, Upcoming Hydroelectric Projects Detailed (EL DIARIO, 3 Jan 81).....	7
---	---

Briefs

More Liquefied Gas Pumps	9
Fuel Substitutes Campaign	9

VENEZUELA

Domestic Oil Consumption Causes Concern (Gustavo Coronel; RESUMEN, 11 Jan 81).....	10
---	----

Briefs

Heavy Oil in Paria Gulf	13
-------------------------	----

COUNTRY SECTION

INTER-AMERICAN AFFAIRS

Chilean Foreign Minister Speaks at South Pacific Conference (Chile Diplomatic Information Service, 27 Jan 81).....	14
---	----

Argentine Montoneros Score Brazil in Maputo Document (JORNAL DO BRASIL, 12 Jan 81).....	16
--	----

ARGENTINA

Yearend Assessment on Economic Activity, Outlook Outlined (LA NACION, 28 Dec 80).....	18
--	----

Economic Development Institute Proposes Emergency Economic Measures (LA NACION, 28 Dec 80).....	22
---	----

Revision of Tariff, Exchange Rate Policies Urged (LA NACION, 28 Dec 80).....	24
---	----

BRAZIL

Government To Form Front With PP After 1982 Elections (O ESTADO DE SAO PAULO, 10 Jan 81).....	26
--	----

Census Bodes Loss of PDS Electoral College Majority (Emilio Braga; FOLHA DE SAO PAULO, 4 Jan 81).....	27
--	----

PLO Seeks Military Training, Armament (O GLOBO, 12 Jan 81).....	33
--	----

Military Strategists Advocate Changing Economic Model (Guilherme Costa Munso; FOLHA DE SAO PAULO, 2 Jan 81).....	35
---	----

Algerian Mission To Discuss Purchase of War Materiel (FOLHA DE SAO PAULO, 29 Dec 80).....	38
--	----

Trade Policy Toward Africa To Avoid Links With Portugal (O ESTADO DE SAO PAULO, 1 Jan 81).....	39
---	----

Unemployment Declines in Four Cities in November (JORNAL DO BRASIL, 30 Dec 80).....	41
--	----

PDS Aids PTB Organization in Bahia, Alagoas, Maranhao (JORNAL DO BRASIL, 11 Jan 81).....	42
---	----

EMBRAER Seeks To Expand Sales in China, Japan, Canada (O GLOBO, 12 Jan 81).....	48
--	----

Briefs	
Domestic Ordnance Production	50
Cuban Exiles	50
Army Ministry Expenditures	50

CUBA

Main National Events Over Past 5 Years Noted (Elsa Blaquier, Luis Lopez; VERDE OLIVO, 21 Dec 80).....	52
Humberto Perez Interviewed on Economic Developments (Humberto Perez Interview; CUBA INTERNACIONAL, Dec 80).....	63

EL SALVADOR

Soldiers Urged To Turn on Junta (Radio Liberation, 9 Jan 81).....	70
'FMLN' Radio Calls for Annihilation of Enemies (Radio Liberation, 17 Jan 81).....	72
Civilians Warned To Prepare for Conflict (EL INDEPENDIENTE, 8 Jan 81).....	74
Final Offensive Has Mass Support (Radio Liberation, 12 Jan 81).....	76
Ungo Predicted To Choose 'Moderate Line' for 'FDR' (Radio Cadena, 10 Jan 81).....	77
'FMLN' Radio Urges People To Join Strike (Editorial; Radio Liberation, 14 Jan 81).....	79
Report on Strike, Foreign Guerrilla Landing Reported (Radio Mundial, 14 Jan 81).....	81
'ANN' Reports on 'FMLN' Advances (Radio Sandino, 14 Jan 81).....	82
Leftists' Hiring of Soldiers of Fortune Termed Error (Editorial; San Salvador Domestic Service, 16 Jan 81).....	84
Havana Reports on Latest Salvadoran Events (Havana International Service, 17 Jan 81).....	85
Use of News Media Cited as 'Intervention' (San Salvador Domestic Service, 16 Jan 81).....	87
Cuba-Panama Communique Scored (San Salvador Domestic Network, 17 Jan 81).....	89
Communist Diplomatic Offensive Criticized (San Salvador Domestic Service, 17 Jan 81).....	90
FMLN, FDR Diplomatic Campaign Criticized (San Salvador Domestic Service, 17 Jan 81).....	92

Briefs

Reagan Policies Becoming Clear	93
Appeal for Nations' Understanding	93
Disbanded Rebels Facing Hardships	94
U.S. Advisors on Honduran Border	94
'Imperialist' Maneuvers Condemned	94

PANAMA

Enemies Within Revolution Must Be Repudiated (Editorial; MATUTINO, 14 Jan 81).....	95
Official Says No More Immigration Law Violations (Ricardo Rodriguez Interview; Televisora Nacional, 26 Jan 81)...	96
Union Leaders Criticize New Salary Levels (Circuito RPC Television, 18 Jan 81).....	97
Briefs	
Japanese Minister Ends Visit	100
Prime Minister, Business Leader Visits	100
Higher Wages	100

BRIEFS

RATIFICATION OF OIL AGREEMENT--The San Jose Agreement signed by Venezuelan President Luis Herrera Campins and Mexican President Jose Lopez Portillo to ensure our country's oil supply for a year was ratified yesterday at noon in the Ministry of Commerce and Industry in Panama. The agreement could be extended. Pursuant to the agreement, both Mexico and Venezuela will supply 12,000 barrels of crude a day to Panama for 32.49 [presumably balboas] a barrel. [PA260318 Panama City CRITICA in Spanish 20 Jan 81 p 3]

CSO: 3010

ENERGY MINISTER EXPLAINS 1981 PLAN TO REDIRECT YPFB ACTIVITIES

La Paz EL DIARIO in Spanish 31 Dec 80 p 1

[Text] YPFB [Bolivian Government Oil Deposits] no longer receives \$21,724,800 per year from subsidized prices for the fuels that it produces and sells on the domestic market. This means that the YPFB will not have profit margins that can be used for investments for exploration and industrial diversification.

This information was supplied by Frig Capt Lider Sossa, minister of energy, to justify the need to set real prices for the production and sale of those products on the domestic market.

Minister Sossa explained that the YPFB loses \$2.48 per barrel and domestic consumption is 24,000 barrels per day. Nevertheless, he indicated that price policies are the exclusive jurisdiction of the government which makes these decisions.

The minister reported on this and other things in a press conference held yesterday in his office for the national press.

Operational Plan

Frig Capt Lider Sossa explained the execution of the 1981 operational plan to the press; it is based on measures adopted during the last part of 1980 to immediately change the refining programs to maintain the quality of medium and heavy distillates in spite of the scarcity of crude oil and to accelerate the use of natural gas to replace heavy fuels in some industries.

Objectives

He explained that the objectives of the 1981 operational plan are to increase oil and gas reserves and to reach the maximum production levels of the fields.

He noted that 20.1 million barrels of liquid reserves and 89.3 x 10.9 cubic feet in gas reserves must be discovered to fulfill the 1981 plan. The YPFB fields must produce 20,349 barrels per day of liquid fuel, 159 MMPCD [million cubic feet per day] of gas for exportation, 3,788 barrels per day of liquid gas in the gas plants for sale and 26,453 barrels of oil for refineries per day.

Exports

Minister Sossa repeated that natural gas exports are subject to the demand of Argentina. The plans are to export an average of 225 MMPCD, 130 MMPCD from YPFB fields and 95 MMPCD from operation contractors. Also gasoline surpluses from processing the condensate from the El Porvenir field will be exported; this could reach 130,000 barrels of gasoline in the second half of the year.

Investments

The minister indicated that the 1981 investment plan includes the development of exploration projects and drilling exploratory wells to quantify liquid and gas reserves.

Exploitation

As to exploitation, the 1981 plan includes drilling eight development wells and 10 storage wells in the exploration fields with an investment of 509 million pesos--\$20.4 million. It also covers development of the Vuelta Grande field with production of 5,000 barrels of condensate per day. He explained that production of 80 MMPCD of gas will begin after 9 years of recycling.

There will also be secondary and tertiary recovery in the currently worked fields. Secondary recovery should yield an additional 6 million barrels of oil from the Sararenda deposit in Camiri using reinjection of water. The pilot project in the Ingre-Piraimiri deposits of the Monteagudo field will be expanded for the same purpose; 10 million barrels of crude oil should be recovered.

The minister of energy said that tertiary recovery in the La Pena field will mean reinjection of propane and butane to recover additional oil. There will also be a feasibility study of the Colpa field.

Industrialization

Minister Sossa reported that a nitrogen fertilizer plant with the capacity to process 165 tons of ammonia per day and 250 tons of urea per day will be constructed in 1981. The raw material will be natural gas; the plant will be supplied 6 MMPCD. It will be located in Palmasola, Santa Cruz.

Also a small isopentane plant in Palmasola will be finished. Isopentane is the main component of airplane fuel. In 1981, studies for the use of alternative energy for the petrochemical complex, for example, will be finished.

Transportation Lines

The minister of energy reported that there will be expansion in the transportation network which includes: gas pipeline to the plateau area, Yacuiba-Tarija gas pipeline, expansion of the Monteagudo-Sucre gas pipeline, Porvenir-Nancarionza oil pipeline, El Espino-Abapo oil pipeline, Sucre-Potosi polyduct, Sucre-Potosi gas pipeline, engineering study of the Sudeste gas pipeline and Colpa-Mineros gas pipeline.

Finally, he announced that \$20.9 million will be invested in marketing projects such as: construction of airports; residential gas networks; installations to distribute liquid gas; and installations to facilitate the sale and distribution of gasoline, diesel oil, kerosene and fuel oil including a packaging plant, polyducts in Trinidad and 21 service stations.

7717

CSO: 3010

GAS RATIONING SHOULD BE CONSIDERED, SAYS ENERGY OFFICIAL

La Paz PRESENCIA in Spanish 29 Dec 80 p 3

[Text] Bolivia should ration liquid fuels if it wants to avoid the danger of having to import oil for domestic needs in the immediate future, according to Frig Capt Lider Sossa Salazar, minister of energy.

He emphasized that the fuel replacement program is based precisely on the need to ration the use of nonrenewable energy resources through incentives to use liquid gas and natural gas instead of diesel, kerosene and even gasoline.

He warned that although there will be problems in producing enough oil in the first months of 1981, the situation will improve in June or July when the Porvenir field begins to produce under the U.S. Occidental Company. That field will produce approximately 8,000 barrels of oil a day. With an effective marketing policy, this will guarantee supply for the national market for a while, according to official explanations.

Until the production of the Porvenir field becomes a reality, there will be problems in the supply of gasoline, especially heavy fuels (diesel, fuel oil and kerosene). This is especially true if the use of liquid gas as a principal substitute does not increase rapidly.

In recent months, the decline in oil production worsened. A recent official report indicated that daily oil production in October was less than 23,000 barrels and could decline even more in later months.

The excessively light nature of national oil adds to the problems of decreased production; it has a very small content of heavy carburetants and lubricants.

Last week spokesmen for Bolivian Government Oil Deposits reported that CONEPLAN [National Economic and Planning Council] is studying the possibility of lifting the ban on importing fuels so that these products could be imported and marketed by private enterprises.

The informants added that the measure would go into effect along with economic corrective measures that the government is also studying. These include the suspension of subsidies to all fuels.

NEED TO IMPORT OIL BYPRODUCTS TERMED POSSIBILITY

La Paz PRESENCIA in Spanish 23 Dec 80 p 3

[Text] The government is studying the possibility of authorizing imports of oils and lubricants due to the growing problems that YPFB [Bolivian Government Oil Deposits] faces in processing those products, according to spokesmen of the oil enterprise yesterday.

The Public Relations Department of YPFB reported that the request to lift the ban on importing lubricants was presented to the National Economic and Planning Council by that enterprise.

The import of lubricants, along with the suspension of fuel subsidies, is part of the economic corrective measures that the government is studying. If approved, they will be applied when these corrective measures go into effect, according to the official report.

The YPFB request was presented because that enterprise "does not have adequate capacity to produce oils and lubricants in sufficient quantities to cover increased domestic consumption of those products in the immediate future," stated YPFB.

The YPFB problems are caused by the excessively light quality of national oil which has a very low content of carburetants and heavy lubricants. This impedes massive production of lubricants in spite of the fact that the YPFB has the necessary capacity and technology at the Cochabamba refinery.

The report added that imports of lubricants would be low and would be subject to strict control by YPFB.

If there are imports, there would also be a price increase for lubricants because these products are more expensive abroad.

The possibility of lubricant imports was also admitted by Frig Capt Lider Sossa, minister of energy, who told PRESENCIA yesterday that one of the causes of this situation is the subsidies that now affect products processed by YPFB.

Sossa said that those subsidies should be suspended for the lubricant imports and marketing, whether processed by national or foreign enterprises. Also the installation of oil "mixing" plants would be authorized.

The YPFB spokesmen said: "Authorization is in the hands of the government; it is part of the economic corrective measures."

COMPLETED, UPCOMING HYDROELECTRIC PROJECTS DETAILED

La Paz EL DIARIO in Spanish 3 Jan 81 p 5

(Text.) The Ministry of Energy through ENDE (National Electric Power Enterprise) carried out several important electrification projects in different districts in 1980. It is also doing other projects that benefit urban and rural areas, according to Frig Capt Lider Soasa, minister of energy.

Corani, Santa Isabel

Minister Soasa indicated that this project included the installation of two generation units of 13,500 kilowatts of power each at the Corani hydroelectric plant, an 18,000-kilowatt unit at the Santa Isabel hydroelectric plant, the construction of a compensation dam between the two plants and damming and deflection of the Vinto River to increase the water flow to the Santa Isabel plant. He said that these expansions will increase the installed power in both plants to a total of 108,000 kilowatts.

In Tarija

In this district, ENDE installed two thermoelectric units of 1,500 kilowatts each, increasing the effective generation capacity of this plant from 1,860 kilowatts to 4,860 kilowatts, insuring the supply of electric power to the city of Tarija and nearby rural areas.

In the rural areas of the departments of Tarija, Chuquisaca and Potosi, the electrification project bringing 50,000 peasants electric power to their homes was finished.

La Paz-Yungas

This project meant the construction of 65 kilometers of 115,000-volt transmission line to supply electric power to the rural distribution system in the Yungas region of La Paz Department and the Chojlla mine. According to the report, the line will be finished in the first quarter of 1981.

San Jacinto Multiple Project

This project includes the construction of a dam with a 58 million cubic meter reservoir, a hydroelectric plant with 7,000 kilowatts, irrigation of 4,550 hectares,

forestation of 6,800 hectares and an intensive fishing program. One important aspect is that the work for the access road and a shunt has been awarded. Also specialized construction firms have been asked for bids for the hydroelectric part. This project will benefit Tarija Department.

In Potosi

A gas turbine is being installed in this department to take care of the future requirements of the Karachipampa Metallurgical Complex. The plant will produce 20,000 kilowatts which will also take care of the energy demands of the National Interconnected System. This month the equipment manufacturers have presented their bids which are being analyzed, according to the minister's report.

In Santa Cruz

In Santa Cruz, a fourth turbine to produce 18,000 kilowatts is being installed to implement the installed power of the Santa Isabel plant which will increase to 72,000 kilowatts.

Central Oriental

This project includes the installation of 360 kilometers of 220,000-volt transmission line which will connect the generation systems of Corani-Santa Isabel in Cochabamba and Huaracachi in Santa Cruz.

Minister Lider Sossa's report ended by stating that the feasibility studies and preparation of bidding documents had been done by ENDE personnel with money from the United Nations. The topography work has begun with bidding requests to specialized enterprises.

7717
CSO: 3010

BRIEFS

MORE LIQUEFIED GAS PUMPS--"Vehicles in the country are reacting favorably to the use of liquid gas instead of gasoline," according to Frig Capt Lider Sosan, minister of energy. According to reports given to HOY, the minister stated that the La Paz and Santa Cruz districts are the first to accept the advantages of liquid gas as a motor fuel. It is estimated that at least 500 vehicles in La Paz and an equal number in Santa Cruz are now using liquid gas, after incorporating the "kids" that adapt them to also continue using gasoline. In both districts, service stations were opened to supply these adapted vehicles. New suppliers are planned because of the increased demand. The installation of similar suppliers in other districts including Montero was announced. In the first quarter of 1981, there will be four service stations. The minister of energy repeated that the policy to increase use of liquid gas in vehicles is one of the government objectives. It will save heavier hydrocarbons that are in shorter supply. He also referred to the advantages of liquid gas in motorized vehicles: economy, cleanness and safety. [Text] [La Paz HOY in Spanish 29 Dec 80 p 4] 7717

FUEL SUBSTITUTES CAMPAIGN--La Paz, 23 Dec (TELAM)--Using liquid fuels instead of gas in automotive vehicles and thermoelectric energy instead of hydraulic energy are part of the 5-year energy plan which will be analyzed in the coming days by the National Economic and Planning Council. Government spokesmen said that the plan includes a number of hydroelectric projects and an intensive campaign to promote the use of gasoline and other liquid fuels instead of gas for motor fuel. One of the hydroelectric projects is the construction of the Sacabaya dam in La Paz Department to supply that city which is the government seat and to incorporate it in the National Interconnected System in order to avoid supply shortages during peak hours. Also, according to the report, expansion of the Cerani dam which will be completed in 1983 will double generation capacity; this power will be incorporated in the national interconnected network. The Ministry of Energy also said that the 5-year energy plan includes different projects for the use of wind and solar energy in rural zones as alternative sources of power for small peasant communities. [Text] [La Paz EL DIARIO in Spanish 24 Dec 80 p 5] 7717

DOMESTIC OIL CONSUMPTION CAUSES CONCERN

Caracas RESUMEN in Spanish 11 Jan 81 pp 40-41

[Article by Gustavo Coronel]

[Text] If we extrapolate liquid hydrocarbon consumption in Venezuela, assuming that past trends will continue, we can predict a consumption of 1.5 million barrels of petroleum a day by the year 2000. This volume could be about 1.8 million barrels a day if we assume a high growth rate, or about 800,000 barrels a day if growth is low. As the reader is aware, the three scenarios are very disturbing for a country whose only livelihood, practically speaking, is the exportation of hydrocarbons. The volume of production in this country has remained constant, and a significant medium-term increase does not seem feasible. If that production volume remains constant, Venezuela will export a total volume of between 400,000 (in the worst circumstances) and 1.4 million (in the most favorable circumstances) barrels per day by the year 2000.

The obvious question we should ask ourselves is whether the Venezuela we know, with its free-spending habits, can live by exporting less than a half million barrels a day. Even those who assert today that it is possible and desirable, could change their tune suddenly when they face reality.

Indeed, if domestic consumption grows at the rate of past demand and exports fall as a result of that increase, Venezuela will have serious balance of payments and oil tax revenue problems, with a projected deficit of some 60,000 bolivars (at 1979 constant prices) by the year 2000. This deficit assumes that prices on the domestic market will rise until they reach half the export price by the year 2000 (at present the price of liquid hydrocarbons on the domestic market is closer to one tenth of the export price). It also assumes that fiscal outlays will grow by 6.5 percent a year, a much lower rate than has been experienced in the past 10 years.

The most serious aspect of increasing consumption of liquid hydrocarbons on the domestic market is that there is no corresponding rise in the rate of industrialization in this country. Gasoline is consumed in the transportation sector, and this consumption is oriented toward the production of services, not reproductive sectors. Distillates are consumed--horror of horrors--as a fuel and in the generation of electricity for domestic and industrial use. A barrel of gasoil valued on the international markets at between \$30 and \$40 is burned in this

country at \$1.00, to generate government-subsidized electricity or electricity sold by the private sector at artificial costs.

As a consequence, any economic analysis of national industry is seriously distorted, because invariably it is assumed that the domestic market price will be paid for the fuel used to generate energy. That price is totally unrealistic. In this manner, Venezuelan industry has no reliable statistics for comparison with similar industries abroad, and it assumes with alarming frequency that its productivity and profitability are much greater than they really are, because fictitious costs are used. Even with those artificially low costs, we see that Venezuelan industry is not doing well on the export markets because it cannot compete with countries that, unlike ours, must pay for their energy at international prices.

Qualitative Aspects

While the quantitative aspects of the domestic hydrocarbon market are extremely serious and merit the nation's urgent attention, the qualitative problems are no less serious and are easier to discern for most Venezuelans. It will be recalled that after the nationalization of the oil industry the ownership of service stations passed into private hands almost without exception. In a like manner, the distribution of fuel from the terminals of the operating subsidiaries to the service stations is also essentially in private hands. The net result of this policy has been to place the management of this vital segment of our industry beyond the direct responsibility of the oil enterprises and subject it to the frequent conflicts that inevitably arise between independent employers and their employees.

It is obvious that the level of quality and reliability of the service these stations provide to the public has dropped drastically since nationalization. The present service stations are characterized, with a few exceptions, by indifferent treatment of customers, dirty facilities and short hours. This is due in large part to the fact that the oil enterprises have no control over the stations; they cannot impose their quality standards on service, and therefore must be content with doing as much as they can in a very unsatisfactory situation. The solution to this problem will take some time, and may have to be geared toward the construction of the industry's own service stations. Thus the industry would have direct control over them, and could enforce its own quality standards.

The other serious problem has to do with distribution and supply. The recent teamster strike, the second or third so far this year, illustrates the dangerous vulnerability of the country to conflicts in this sector. It is obvious that transportation in Venezuela cannot run the risk of becoming paralyzed every time there is a disagreement between the owners of the freight vehicles and their employees, and that this is too vital a service to be endangered time and again. The solution, again, seems to be to develop the industry's own capacity to guarantee continuity of supplies.

The Future

The future of the domestic hydrocarbon market is not promising; we must look for new approaches and methods. In the first place, it is unfortunate that the private ownership of the service stations and the distribution systems in the

domestic hydrocarbon market has resulted in a visible deterioration of this important sector, and a loss of prestige for the nationalized oil industry. The public in general cannot differentiate between the oil enterprise and the private owner of the service station. I say this is unfortunate, because this was one of the most efficient areas of the private sector. To date, the results have been so disappointing for the country that it would seem desirable to reexamine our present policy in search of more efficient alternatives.

In the second place, it seems inevitable that we will have to bring liquid hydrocarbon prices on the domestic market to more realistic levels, by establishing differential price levels for different industrial and domestic uses.

In the third place, it is becoming more and more important to move quickly to replace exportable liquid hydrocarbons with nonexportable or less valuable ones. We have arrived at the time when natural gas should serve as a basic energy source on the internal market. We should also think seriously about the massive replacement of gasolines with propane, and about burning heavy residues in thermoelectric power plants. In the latter case, we must be sure that the necessary steps are taken to protect the environment.

With these and other measures perhaps we will be able to avert the problems that loom on the horizon of this important sector. If we do not do so, we will have to pay a high price for our passivity.

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CSO: 3010

BRIEFS

HEAVY OIL IN PARIA GULF--Lagoven has discovered heavy petroleum in the waters of the Gulf of Paria. Its Morro-1 well turned out to be productive, with yields of 1,000 barrels per day of crude oil that is between 12 and 15 degrees API. Spokesmen for this subsidiary of Venezuelan Petroleum, Inc. explained that the Morro-1 well was drilled from a floating platform in deep water. The platform is now being used in the same part of the gulf to drill the Plata-1 well, whose promising potential will be proven soon. A third well will be drilled by Lagoven in the Gulf of Paria, Serpiente-1. It will probably reach a depth of 8,000 feet (2,438 meters). In this great exploration effort in Lagoven's offshore program, a key role has been played by a drilling ship, an oil drilling unit that is now being used north of the Paria Peninsula to drill the Patao-2 well. This drilling will help to partially determine the size of the gas deposit discovered with Patao-1. That well, to the north of the Paria Peninsula, discovered the largest gas deposit found to date in Venezuela. [Text] [Caracas EL UNIVERSAL in Spanish 4 Jan 81 p 11 8926]

CSO: 3010

CHILEAN FOREIGN MINISTER SPEAKS AT SOUTH PACIFIC CONFERENCE

PY290144 Santiago Chile Diplomatic Information Service in Spanish 2228 GMT
27 Jan 81

[Text of speech delivered in Cali, Colombia, by Chilean Foreign Minister Rene Rojas Galdames at the closing ceremony of the South Pacific Permanent Commission meeting]

[Excerpts] It has been a particularly happy occasion to welcome Colombia into the group of countries that make up the South Pacific Permanent Commission since this is an event that will have a great impact in our future activities.

The inclusion of Colombia in our system opens a new stage. It will be a stage of unity and integration, since with this new member the system will encompass the entire geographic area that has been named "The South Eastern Pacific Region." This new strength will enable our countries, particularly the permanent commission, to confront the challenges of the new law of the seas.

Countries having seacoasts will have to assume greater responsibilities in research, in the exploitation of resources and in protecting the seas environment. To do this, and to be successful in our undertaking, we will have to make our regional cooperation channels into more expeditious bodies. Moreover, our countries will have to constantly watch over the defense of our rights of the sea.

The members of this commission have already acted in solidarity to protect their maritime rights, particularly to confront illegal fishing by other distant countries in our waters. We have also rejected all actions that have led to the unilateral exploitation of the seabed since it is part of "the common patrimony of humanity."

In the future we must intensify our efforts and our cooperation so that this organization may be able to meet in an effective manner the challenges that will confront it in this new era that is about to begin. With this in mind, the ministers who attended the Cali meeting have studied the work accomplished by the permanent commission and they have entrusted the commission with those studies that they believe are indispensable to fulfill this achievement. What is more, we have reasserted our governments' support for the commission.

We also agreed on several measures so that our delegations may act in a coordinated manner at the third UN conference on rights of the sea and in enforcement of the judicial regulations that will ensue from this conference.

These agreements are included in the statement we are about to sign and which will be known as "the Cali declaration."

The declaration also encompasses other highly important issues that will have a great impact in the future. This is why I believe this statement will play an important role in the history of our countries' maritime relations.

Your Excellency, Mr Foreign Minister of Colombia:

My colleagues from Peru and Ecuador have already expressed, in previous speeches, the satisfaction of their respective governments over the entrance of Colombia into the South Pacific system. This satisfaction is also shared by the government and the people of Chile.

The inclusion of Colombia in a joint cooperation process with other sister nations gives a new perspective to this organization which has been one of the pioneers at the international level that has worked for the defense and the exploitation of resources of Latin American countries.

CSO: 3010

ARGENTINE MONTONEROS SCORE BRAZIL IN MAPUTO DOCUMENT

Rio de Janeiro JORNAL DO BRASIL in Portuguese 12 Jan 81 p 8

[Text] Lisbon--Argentina and Brazil planned to control the South Atlantic, take over African markets and ally themselves with South Africa, especially in the field of economic cooperation. In brief, this is what is emphasized in a document published in Maputo, Mozambique, yesterday by the Peronist Montonero movement.

The document, given to the Maputo press by local delegates of the Montoneros and cited by ANOP (PORTUGUESE NEWS AGENCY), also asserts that U.S., German and French capital were behind a series of agreements signed last year by the regimes of Argentina and Brazil.

European and American capital invested in the nuclear energy, ordnance and satellite communications sectors are accused by Peron's political heirs of being behind the Argentine and Brazilian ruling class.

According to the ANOP citation of the document, the ruling classes of the two countries, acting together, intended to transform Argentina and Brazil into dumping grounds for radioactive nuclear waste from power plants in their own countries. Some of this waste was previously sent to Iran, the document says, but this could not continue after the fall of the shah.

The Montonero manifesto indicates the principal allies of foreign capital within South America to be the Argentine oligarchy and the Sao Paulo bourgeoisie, both of them resorting to use of their respective countries' military power for their own benefit. The Montoneros assert that the agreements made last year between generals Jorge Videla and Joao Figueiredo seek to restructure Latin America regionally, with Buenos Aires-Sao Paulo as one of the axes.

The area in question comprises the Argentine coastal area, all of Uruguay and southern Brazil (the states of Minas Gerais, Espirito Santo, Rio de Janeiro, Sao Paulo, Parana, Santa Catarina and Rio Grande do Sul). This is the major industrial base of Latin America and has the hydroelectric potential of the River Plate basin at its disposal.

Also according to the document, another axis of restructured Latin America would be that of the so-called Capricorn area, which comprises northwestern Argentina, all of Bolivia, the western part of Paraguay and northern Chile. Mineral and agroindustrial output of this zone could be shipped through the Chilean port of Antofagasta.

The Montoneros assert that for full development of these two strategic axes President Joao Figueiredo would like his country to cooperate fully with Argentina and Chile.

In their document the Montoneros acknowledge that Figueiredo's plan may clash with the alleged hegemonic dreams of the Argentine oligarchy, which would want Chile only as a partner and not as an ally on an equal footing. The document says the plans attributed to the Brazilian and Argentine leaders represent "aggressive expansion."

8834

CSO: 3001

YEAREND ASSESSMENT ON ECONOMIC ACTIVITY, OUTLOOK OUTLINED

Buenos Aires LA NACION in Spanish 28 Dec 80 Sec 3 p 2

[Article: "Zero Growth"]

[Text] Fourth Quarter Evolution

During the latter part of 1980, the Argentine economy suffered a slight decline, and the GDP [Gross Domestic Product] exhibited a drop of something less than 1 percent, with respect to the same period in 1979. This indicates a somewhat more favorable trend than during the third quarter, when the drop was more pronounced, and is owing to a favorable production balance in the agricultural and livestock sector and a recovery in the commercial activities and services sector, while the manufacturing sectors again suffered a mild setback.

Rural production showed a considerable recovery during the fourth quarter as a result of the increased cash-crop harvest and of a pickup in summer-crop activities despite a cutback in sunflower and soybean plantings. This cutback, in the first case, is attributed to the low prices received by farmers for the previous season's excellent harvest, and, in the case of soybeans, to the fact that investment costs are higher and, with the excessive cost of credit, many producers have preferred to limit their risk. Livestock production remained at its previous more or less moderate levels, and the wool harvest suffered a mild drop in a downward trend that has continued over the past several decades. Fruit production showed a decline, the extent of which is difficult to evaluate and which is being explained by the productive sectors as the result of the relative negligence of plantations that has ensued from a widespread lack of financial resources.

Industrial activity continued showing wide intrasectorial disparities, with an overall result below that of the last quarter of 1979. Industries showing a slight improvement over the fourth quarter of last year include: cement manufacture, oil refining, petrochemicals, aluminum manufacture, industries supplying the construction sector, the naval industry, and some branches of the communications and electronics industry.

At an intermediate level, sectors showing a relative production stability include: textiles, the food industry, part of the chemical industry, and the shoe manufacturing industry. Substantial drops were experienced--still with respect to the levels of activity registered 1 year ago-- in the plastics, paper, rubber, and cellulose industries, and in several branches of the chemical and machinery construction industries. The steel industry exhibited lower production volumes than during the fourth quarter of 1979, but with faint signs of recovery. The automobile manufacturing industry, on the other hand, experienced a reasonably high level of activity, but with indications of a downturn that began around the middle of the third quarter. The tractor and agricultural machinery industries showed a slight improvement, based, however, on an exceptionally low production level in 1979.

Building construction activity continued at an appreciably high level, at least from an overall standpoint, and mining production--which includes the extraction of hydrocarbons--exhibited a substantial growth rate and an unprecedented level of activity. Domestic trade was revitalized after the third quarter drop, and, in general, the services sector, including financial and associated services, maintained a satisfactory and rising level of activity.

Domestic consumption improved as a ratio of overall demand, as a result of exports and investments having been affected during the fourth quarter by the outlook of 29 March, and it is fairly certain that these will show a significant drop when more complete and reliable figures for the last quarter of 1980 become available.

These calculations, which are unavoidably inexact at this point in time, have generally overestimated the level of economic activity as eventually reflected in the Central Bank's official calculations.

Overall supply received an unprecedented boost this year, through a total of \$10 billion of imports, which left a large negative trade balance. This deficit, which for seasonal reasons accrued to a considerable extent during the fourth quarter, added to an unprecedentedly high volume of tourist spending abroad, a preference on the part of a large number of enterprises, which was widespread during the last 3 months, for liquidating their foreign credits and going into debt in pesos, and a certain tendency to hoard foreign exchange, produced a wide negative swing in the balance of payments, which was offset by a drop of \$2 billion in reserves during the fourth quarter. As the quarter ended, the extension of the exchange regulations to the end of March was inducing a slow reentry of capital.

From the money supply standpoint, these last months exhibited a decidedly moderate behavior, particularly if one takes into account that the expansion registered during the last 2 or 3 weeks of the year was basically of a seasonal nature. It must be considered, for example, that the monetary base remained relatively constant during these three months, and only in the second to last week of the year did it return to the highest levels reached in August. It must also be pointed out that, just as price variations reached an annual rate below 100 percent during the year, so also did the monetary growth rate--known as the M3--reach double-digit levels, for the first time in over 6 years, during the third quarter.

The monetary containment effort was reflected in a generally rising trend of interest rates following the persistent induced decline throughout the third quarter, and it was determinant in the behavior of prices, in that it enabled the extension of the value-added tax [VAT] and the rise in its rate to be absorbed satisfactorily. The scarcity of the money supply also explains in large measure the sluggishness of economic activity in general.

The public sector did not take part in the monetary moderation effort. The financing of its expenditures was the largest growth factor, offsetting the absorption produced in the private sector. The financial sector was also a major factor, but, in principle, not so much because of any increase in credit facilities as because of the Central Bank's need to meet the requirements of the monetary sanitizing process, which took on a dizzying pace during the fourth quarter, with a settlement practically every 48 hours.

Price indexes, as has been pointed out, behaved acceptably, despite the VAT, and appeared to be in line with an inflation rate of close to 50 percent per annum. The widening gap between wholesale and retail prices, which reflects basically the different effects exerted on different sectors of the economy by anti-inflation measures, continued during the fourth quarter. Taking wholesale prices alone, the gap between domestic prices and foreign exchange rates plus foreign inflation widened moderately during this quarter. The evolution of foreign exchange rates coincided with the projections made by government economists and the Central Bank, and took the edge off the forecasts and pressures that had been mounting for a more rapid devaluation of the peso.

The last 3 months registered a slight decline in real wage general levels, as a result basically of the effect of the VAT on price levels. In addition, a certain number of enterprises that had been maintaining a policy of indexing the incomes of their personnel in accordance with changes in consumer prices found themselves facing a drop in their own earning power, and had to modify their remunerations policy by lengthening the periods between adjustments, or by keeping adjustments somewhat below the official price indexes and more in line with their own costs. In the public sector, wages and salaries also suffered the effect of the VAT, but showed an ostensible improvement over the course of the year.

Employment levels fell somewhat during the fourth quarter despite a certain moderating effect attributable to the elimination of social security levies on employers. In any case, unemployment levels were basically low.

These fourth quarter results bring to a close the year 1980, an exceptionally difficult one, with a slight drop in overall production--something like 0.5 percent--comprising a major production decline in the agricultural and livestock and the industrial sectors, and a resurgence of production in the energy--including carbohydrates--and the construction and services sectors. From the overall production standpoint, the productive activities structures of the agricultural and livestock and the industrial sectors are probably undergoing more rapid changes than would seem desirable; however, a decline in the contribution by goods-producing sectors to the gross product should not be considered inherently

bad: It is in line with a well-known trend in the more developed economies. Unfortunately, the drawing up of national accounts in our country is so unrelated to reality--based as it is on the prices and productive structure of 20 years ago--that any calculation has a large built-in margin of error.

The year, an exceptionally difficult one as we have said, endured the most profound financial crisis in at least the last 45 years, and possibly the entire present century. It came through the crisis relatively well, considering that the consequences could have been much worse as things looked around April. The 1980 account must also be debited with the most disastrous failure our country has ever known--that of SASERU--the effects of which will probably remain to be felt this next year, although the current sanitizing of the monetary system will tend to moderate the practical effects of this enterprise's imminent bankruptcy.

9238

CBO: 3010

ECONOMIC DEVELOPMENT INSTITUTE PROPOSES EMERGENCY ECONOMIC MEASURES

Buenos Aires LA NACION in Spanish 28 Dec 80 Sec 3 p 3

[Text] (NA)--The Argentine Institute for Economic Development has proposed an emergency program for the reactivation of the country's economy, based on private enterprise and the end of the crisis in the regional economies.

The proposal also calls for the reordering of the public sector, the decompression of the foreign activities sector, the reorientation of the financial sector, and the democratization of the social cost of the proposed changes.

The document, which is sharply critical of the national economy's current situation, is signed by the president of the institute, Armando Manicelli, and states that "the objectives set forth in April 1976 by Minister of the Economy Jose Martinez de Hoz have not been attained."

It also points out that in the past 4 years "the GNP [gross national product] has grown at an annual rate of only 1.8 percent as regards physical goods, while foreign debt, by yearend will reach the equivalent of 4 years of exports and 36 percent of the GDP [gross domestic product], an unprecedented ratio for the country."

The document further analyzes the steady rise of domestic prices stemming from the inflationary spiral, and states it was not matched by an adequate increase in nominal wages, "producing a substantial loss in the domestic market's dynamism."

Wage and Salary Deterioration

It points out that "the sharp rise in consumer tax pressures...has contributed to the deterioration of real wages," a recurring situation with "the incessant rises in public service rates."

As regards the financial sector, the analysis states that its growth "was insufficient to cover the normal needs of the economy" and that "the financial tax burden, which is from three to seven times greater than the customary ones throughout the world order, has further dwarfed the possibilities of stability in the agricultural and industrial sectors."

It finds that "the country is suffering from an excessive generation of means of payment (money in circulation) that in no way responds to an increase in the production of goods," with the result that "the country's investor spirit has been subverted by the spread of the quick and easy profits approach in place of the criterion of yield from productive effort."

Imports

To reverse this situation, the Institute proposes measures designed to expand the domestic market to the benefit of private enterprise, and to recover the foreign market for Argentine products, through a moratorium on imports of luxury or superfluous items or items produced in sufficient quantities by domestic industries, and the institution of a system to stimulate foreign sales through appropriate and adequate tax rebates, and through pre-export credit lines.

It then advocates a reduction of costs, designed to reenergize private enterprise, and a scaling down of public spending in proportion to the country's economic capability, to do away with one of the origins of inflation.

Social Cost

Further on, it requests the institution of a rediscount system operated by the Central Bank, to settle accounts in arrears and reactivate the regional economies through various measures, including the "application of a customs policy that is protective" of national industry.

The document points out that the proposed measures will entail "an unavoidable social cost," which "must be absorbed in proportion to the economic capabilities of each social sector."

To accomplish this, it proposes a "periodic wage adjustment, through a joint state-labor-enterprise agency that would analyze continuously the price-wage relationship."

It also requests that consideration be given, "in the adjustment of rates for public services, to the situation of the different social sectors, providing, if necessary, for differentiated rates or for reactivation of government-operated social services, allocating adequate public funds to the health and education sectors."

Lastly it proposes a "study of a way of restructuring the tax system, orienting the burden in the first place on unproductive assets, secondly on incomes and other assets, and finally, to the extent that national needs were not covered by the foregoing, on consumption, differentiating the latter, however, according to type," provided, however, that the latter should be resorted to "only to the extent made possible by the reactivation of the economy."

REVISION OF TARIFF, EXCHANGE RATE POLICIES URGED

Buenos Aires LA NACION in Spanish 28 Dec 80 Sec 3 p 2

[Text] Cordoba (TEIAP)--Economist Domingo Cavallo, a recognized expert on monetary matters, says that in his opinion: "General Viola should place emphasis on improving the tariff policy as soon as he takes over, with the object of doing away with a model, like the current one, that centers on the monetary aspect, and of according priority to the real part of the economy."

Cavallo made these references to the current state of the economy, and to what could ensue from it in the coming months, during a reception held by the Mediterranean Foundation for the specialized journalists of this city as part of the yearend festivities.

With respect to the tariff policy currently in effect, Cavallo affirmed that its philosophy is correct "but not its implementation nor its use as an anti-inflationary instrument," and that, on the contrary, "the tendency should be toward a single and uniform tariff, neither favoring nor disfavoring any sector in particular."

Tariffs and Exchange Rates

He deplored the heavy emphasis that has been placed on the exchange rate aspects over the past several months, overlooking the tariff policy. Regarding exchange rate parity, he said the ideal would have been to have fixed the exchange rate table through March 1981, publishing it, however, in April 1980, so as to avoid undesired outcomes, among which he also mentioned the currency migration.

He expressed disagreement with an abrupt devaluation, as "the result would hurt all sectors in the intermediate term," but on the other hand declared he favors gradual changes in this area, "which should be decided rapidly and made known immediately," to avoid paying the high price in global terms that is now being paid "for the indecisiveness of not having carried forward the exchange regulations until next April."

He stressed that a reduction in social charges would be beneficial in the long run in the fight against inflation and in its effect on so-called take-home pay, which should increase. As regards public service rates (on which the foundation has performed a study at the request of the Ministry of Finance), he said "the overall efficiency of the public enterprises" must be improved.

Balance of Payments

He characterized the present balance of payments deficit and the fact that foreign exchange is leaving the country as not disquieting provided the situation can be brought under control, but said that otherwise "there could be problems."

Lastly, Cavallo said that "the minister of the economy should not heed the calls issuing from the automotive sector to cut back on imports," and added that "in the position of leadership, requests for special privileges at the expense of other sectors cannot be honored, for if he gives in now to this request, he will have to give in later to requests from other sectors for special measures."

The tariff policy--he concluded--must be revised as the government's first step, not centering everything on the exchange rate policy.

9238

CSO: 3010

GOVERNMENT TO FORM FRONT WITH PP AFTER 1982 ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jan 81 p 4

[Text] After learning the results of the 1982 elections, the government will approach the Popular Party [PP] to form a broad political front in Congress. It may promise the second opposition party the right to name the future vice president of the republic in 1984, it was asserted in Brasilia yesterday by the president's secretary, Heitor Aquino, who is a leader of the PDS [Social Democratic Party].

Until then the government will continue to be supported by the PDS, whose reduced majority in the two houses of Congress is no reason to be concerned, according to him: "With the existence of six parties, it would really be an anomaly if one party had an absolute majority."

Heitor Aquino considers the current party situation artificial because the groups were established after elections were held. They will only become significant when "subjected to the purifying waters of the popular vote," which will not happen until November 1982.

Only then, according to the president's secretary, "can it be known how much each party is representative of the people, which is impossible now not only because they have not yet been judged at the polls but because of the fluctuations resulting from changes of party affiliation."

Aquino explained that the agreements with the PP would depend upon its popular strength as demonstrated by the elections, which might put it in a position to name the 1984 vice-presidential candidate and, preferably, suggest names of its members for high posts in the federal administration.

The thinking of the president's secretary indicates that the government's political strategy suggested by the late justice minister, Petronio Portella, has not been changed. He suggested attracting the party of Tancredo Neves and Magalhaes Pinto to the government only after the 1982 elections and fought for forming a government ticket that would have an absolute majority.

According to government leader Senator Jarbas Passarinho, Petronio Portella opposed creation of two government parties, fearful of the social democrats who would join the Popular Party, and warned the president that "if you let that happen, you will have to give half your cabinet posts to Tancredo."

What he had suggested, and Heitor Aquino confirms is still the government strategy, was the possibility of forming an alliance between the PDS and the PP after the 1982 elections to build a strong politico-parliamentary front capable of staying in power and, according to versions current at the time, assure the presidency of the republic in 1984.

CENSUS BODES LOSS OF PDS ELECTORAL COLLEGE MAJORITY

Sao Paulo FOLHA DE SAO PAULO in Portuguese 4 Jan 81 p 4

[Article by Emilio Braga: "Coalition Likely to Elect President in 1984"]

[Text] Brasilia--The recently divulged results of the 1980 census permit immediate knowledge of the number of state delegates--184--who, together with 486 federal senators and deputies, will form the Electoral College that in 1984 will elect the successor to President Figueiredo. This important figure--which certainly already serves as a reference point for action by the government and political parties--together with current predictions of electoral trends in the states, leads to the conclusion that the PDS [Social Democratic Party] will hardly be in a position to elect the future president of the republic all by itself.

The inverse--that the opposition parties (PMDB [Brazilian Democratic Mobilization Party], PP [Popular Party], PT [Workers Party], PDT [Democratic Labor Party] and PTB [Brazilian Labor Party]), should they unite behind a single candidate, could hardly fail to be in a position to elect the future president--is not entirely true due only to the peculiar state of transition the nation is in: from an authoritarian militarist regime to a democratic regime, although still with strong military participation.

This is reflected in the opposition parties' concern about possible changes in election laws--false application of electoral principles--that can modify the balance of power now foreseen for the 1984 Electoral College, if not replace the existing process with another.

However, barring an imagined and unpredictable pressure from the regime's military component, we will have the decisive step of the 1982 elections, and not until then will the majority in the 1984 Electoral College be determined. Until then there is still ample time to try and reverse electoral trends through political action alone.

After that, even if the PDS loses the absolute majority (50 percent plus 1) in the Electoral College, aside from drastic possibilities, the regime will still have ample margin for negotiation, provided it accepts the possibility of a coalition between the PDS and one or more opposition parties, which will also depend upon the willingness of the opposition to give up their majority control.

Prognostications

In accordance with current projections of electoral trends in the states, the PDS is likely to lose its absolute majority in the Chamber of Deputies after the 1982 elections, leaving the opposition parties with a majority of the 420 federal deputies in the 1984 Electoral College. This does not necessarily mean it will lose its absolute majority in Congress as a whole.

Of the 66 seats in the Senate, only 22 will be at stake in 1982. Of the 44 senators who will remain, the PDS has 33 and the opposition has only 11. Hence, the PDS now has a 22-member head start in the Electoral College to make up for losing the majority in the Chamber of Deputies.

However, it is believed the government party will end up in the minority among members of the National Congress because its losses in the Chamber are likely to be greater than the margin it will retain in the Senate.

This disadvantage will have to be made up from among the 184 state delegates in the Electoral College. The contest for state delegates will be determined by the legislative assemblies elected in 1982 in a vote that, with minor variations, parallels the election for the Chamber of Deputies, as is demonstrated by the results of all recent congressional elections in Brazil.

The estimates made above, based upon projections of current trends and taking as a reference the 168 delegates of the 1978 Electoral College, showed an unfavorable trend for the PDS in obtaining an absolute majority in the Electoral College. The results of the 1980 census confirmed these predictions and even modestly increased the advantage of the opposition parties.

Brazilian population increased from 113,528,020 estimated for 1977 to 127,121,599 estimated for 1983. The state delegates to the Electoral College will thus be 184, an increase of 16.

It happens that population, hence the number of delegates, increased more in the stronghold of the opposition parties, the Southeast region, than in that of the PDS, the Northeast region. Of the 16 new delegates, the opposition parties are likely to get 7, the PDS should have 4 and 4 are considered undecided.

Disadvantage

Projections of voting trends indicate that the opposition parties are winning an absolute majority in the legislative assemblies of Acre, Sao Paulo, Rio de Janeiro, Rio Grande do Sul and Goias, and the balance tilts slightly in favor of the opposition parties in Espirito Santo, Parana and Santa Catarina.

The PDS is ahead in Para, Maranhao, Piaui, Ceara, Rio Grande do Norte, Sergipe, Bahia and Mato Grosso. And it has probable majorities in Paraiba and Alagoas. The states where these results are still considered undecided are Amazonas, Pernambuco, Minas Gerais and Mato Grosso do Sul.

Based upon these trends, the opposition parties will have 67 state delegates certain and 21 probable, totaling 88, compared to 52 certain and 10 probable for the PDS, which adds up to 62. The difference in favor of the opposition parties is thus projected to be 26 delegates, leaving 34 undecided delegates for the PDS to overcome its disadvantage.

But this is difficult because the PDS would have to win the legislative assemblies of the two largest of the four undecided states (Minas Gerais and Pernambuco) plus that of one of the small ones (Alagoas or Paraiba), to make the number of delegates equal. Or else win in the four states to have a small majority of five delegates, probably less than the disadvantage it will have among members of the National Congress.

These estimates for the 1984 Electoral College gave rise to reports about transforming the territory of Rondonia--which has twice the population of Acre, may it be said in passing--into a new Brazilian state, the 23d. But in Rondonia, according to the results of the 1978 election for the Chamber of Deputies, the voting trend is clearly favorable to the opposition. In the other two territories, the situation is even in Roraima and entirely with the PDS in Amapa.

Even assuming deviations from these projections, even the estimates most favorable to the PDS would not be enough to safely assure an absolute majority for the government party in the 1984 Electoral College. Hence, whatever happens (except for arbitrary legal maneuvering and the military element), projections now suggest the coalition option as the political solution for the succession of President Figueiredo.

Opposition Areas Grow Along With Nation's Population

Among the major decisive factors for congressional elections are the government machines, which, with the exception of Rio de Janeiro, are all in PDS hands, and economic power, more dispersed today but still heavily concentrated in the government party. To counterbalance this disadvantage the opposition parties can now--in keeping with the return of direct elections for state governments--count upon expectations of power, or rather a future promise that they will be in possession of the government machines, plus the voter density that in some states has been clearly favorable to the opposition since 1974, as is indicated by the results of majority elections for the Senate.

Even so, the opposition parties in 1982 would have to have an extensive party structure in the municipalities to unleash the factors favorable to them during the campaign. The ARENA [National Renewal Alliance] had directorates in 3,957 of the 3,959 Brazilian municipalities, whereas the MDB [Brazilian Democratic Movement] had only 2,979. Today, after party reform, the government party, the PDS, continues to have a more extensive organization, although less than that of the ARENA. The PDS has 3,029 directorates, being surpassed by the combined total of the opposition parties, which is 4,513.

The limited coverage of the old MDB party organization explains how what used to be the only opposition party was able to win popular elections for the Senate in 15 states in 1974 while getting a majority in only 1 legislative assembly--Rio Grande

do Sul--and win the Senate seat in 8 states in 1978 while gaining an assembly majority in only 3--Sao Paulo, Rio de Janeiro and Rio Grande do Sul.

After party reform the opposition parties also held a majority in the Acre and Goias assemblies.

Without counting Para, Maranhao, Piaui, Ceara, Rio Grande do Norte, Sergipe, Bahia and Mato Grosso, where the PDS continues to have almost all factors in its favor; excluding also Acre, Sao Paulo, Rio de Janeiro and Rio Grande do Sul, where the opposition parties can counterbalance the electoral machines with expectations of power (or with the machine itself, as in Rio de Janeiro) and with other factors in their favor; what is observed in the remaining states is growth of opposition party organizations, indicating that 1982 congressional elections may turn toward the opposition.

Even Match

There is an evenly matched situation in five states, but with some vaguely defined trends:

Paraiba: In 1978 the ARENA got 425,000 votes compared to 222,000 for the MDB, gaining 22 versus 11 state assembly seats. But the MDB won the popular elections for the Senate in both 1974 and 1978. In the state's 171 municipalities the ARENA had 171 directorates and the MDB, only 116. After party reform, the PDS has 119 directorates and the PMDB has 80. But there was more disaffection in the government party, with Deputy Antonio Mariz switching to the PP, which has 65 provisional municipal commissions. Altogether, there are 119 for the PDS and 145 for the opposition parties.

Alagoas: In 1978 ARENA received 204,000 votes compared to 112,000 for the MDB, gaining 14 versus 7 state assembly seats. For the Senate the ARENA won by the narrow margin of 32,000 votes among 412,000 cast. The ARENA had directorates in 94 state municipalities and the MDB had 40. After party reform the PDS has 26 and the PMDB, 37. Disaffection was greater in the PDS, with Senator Teotonio Vilela switching to the PMDB and Deputy Geraldo Bulhoes still without a party. The new force in the state is the PTB, with 19 provisional municipal commissions. Altogether, there are 26 PDS municipal commissions and 56 for the opposition.

Espirito Santo: In 1978 the ARENA received 285,000 votes versus 212,000 for the MDB, and filled 14 state assembly seats against 10 for the MDB. The ARENA won the Senate race, by the narrow margin of 34,000 votes among 612,000 cast. The MDB won in 1974. In the state's 53 municipalities, the ARENA had 53 directorates and the MDB had 53. After party reform the PDS still has 53 and the PMDB has 51. But opposition parties in general have grown: the PT has 14 provisional municipal commissions, the PDT has 18 and the PTB, 14. Altogether, there are 53 for the PDS and 97 for the opposition parties.

Parana: In 1974 the ARENA received 1,250,000 votes against 914,000 for the MDB, gaining a 33 to 25 edge in the state assembly. But in 1974 and 1978 the MDB won the Senate race. In the state's 291 municipalities the ARENA had 290 directorates and the MDB had 289. After party reform, the PDS has 291 and the PMDB, 207.

There was more disaffection in the government party, with ex-Governor Jaime Canet switching to the PP, which has 64 provisional municipal commissions. The opposition grew generally: the PDT has 61 commissions and the PTB has 65. In all, there are 291 for the PDT and 337 for the opposition parties.

Santa Catarina: In 1978 the ARENA received 703,000 votes against 531,000 for the MDB, electing 23 state assembly deputies versus 17. In 1974 and 1978 the MDB won the Senate seat. In the state's 197 municipalities the ARENA had 150 directorates and the MDB had 232 [as published]. After party reform, the PDS has 195 and the PMDB has 150. The PP has strengthened in the state, plundering the two former parties, but has not yet registered any commissions. The opposition also added 65 provisional commissions for the PT and 43 for the PDT. In total, there are 197 for the PDS and 238 for opposition parties.

Undecided

In Pernambuco the situation is very evenly matched and unpredictable. In 1978 the ARENA dominated the legislative assembly, with 796,000 votes against 439,000 for the MDB, electing 30 state deputies versus 16. But the MDB won the Senate race in 1974 and lost in 1978 by only 39,000 votes among 1,527,000 cast.

In the state's 164 municipalities, the ARENA had 164 directorates and the MDB had 102. After party reform the PDS has 137 and the PMDB has 101. Disaffections explain the weakening of the PDS and the growth of other opposition parties arising from the MDB, although without advancing in the state's agreste [transitional climatic zone] and sertao [arid backlands], which are PDS strongholds. The PDT has 45 provisional commissions and the PTB has 44. The PMDB has really grown, forming directorates not only in the zona da mata [coastal region], as did the MDB, but advancing to the agreste and sertao, under the leadership of former Governor Miguel Arraes. In all, there are 137 for the PDS and 190 for the opposition.

In three states the disorganization of the parties since reform does not yet permit prognostication. The older parties, the UDN [National Democratic Union] and the PSD [Social Democratic Party], which continue to be active political forces in Minas Gerais, have not been able to adjust to the new situation. The UDN had hegemony in the ARENA and the PSD, in the MDB. These elements are now split between the PDS and the PP, while the other parties are growing within the new situation. The figures indicate the disorganization. In the state's 722 municipalities the PDS [as published] had 722 directorates and the MDB had 420. After party reform the PDS has 149 and the PMDB has 166. The PP has 150 provisional commissions and the PT is ahead of the rest, with 199 commissions. Altogether, there are 149 for the PDS and 515 for the opposition parties.

In Amazonas the PMDB has not yet organized and, of the other opposition parties, only the PTB has 11 provisional municipal commissions. In Mato Grosso do Sul, the PDS registered 51 directorates in the new state's 51 municipalities before the appointment of Senator Pedro Pedrossian as state governor and the consequent switch of Senator Saldanha Derzi and ex-Governor Jose Frageli to the PP, making estimates about party structures impossible.

Delegates to Electoral College

(1) ESTADO	(2) POPULA- (A/83)	(3) POPULA- DUS/84	(4) POPULA- DUS/78
Região Norte (5)	1 522 236	14	13 + 1
Acre	220 264	3 + 1 - 4	4
Amapá	1 577 058	3 + 1 - 4	4
Para	3 911 814	3 + 3 - 8	5
Região Nordeste (6)	26 972 486	61	57 + 4
Maranhão	1 204 922	3 + 4 - 7	6 + 1
Piauí	2 200 040	3 + 3 - 5	5
Ceará	5 007 194	3 + 5 - 8	8
R. Grande do Norte	2 030 374	3 + 2 - 5	5
Pernambuco	2 000 000	3 + 3 - 5	5
Paraíba	6 777 000	3 + 6 - 9	9
Alagoas	2 120 004	3 + 2 - 5	4 + 1
Sergipe	1 107 000	3 + 1 - 4	4
Bahia	10 154 000	3 + 10 - 13	11 + 3
Região Sudeste (7)	54 000 770	97	90 + 8
Minas Gerais	14 000 004	3 + 14 - 17	16 + 1
São Paulo	27 727 700	3 + 27 - 30	25 + 3
Rio de Janeiro	12 000 727	3 + 12 - 15	14 + 1
Espírito Santo	2 171 712	3 - 3 - 5	4 + 1
Região Sul (8)	19 781 202	27	26 + 1
Paraná	7 000 123	3 + 7 - 10	12 + 3
Santa Catarina	3 000 200	3 + 3 - 6	6
Rio Grande do Sul	9 140 779	3 + 9 - 11	10 + 1
Região Centro Oeste (9)	4 040 200	15	11 + 4
Mato Grosso	1 141 200	3 + 1 - 4	5 + 1
Goiás	4 100 000	3 + 4 - 7	6 + 1
Mato Grosso do Sul	1 204 000	3 + 1 - 4	5 + 4
TOTAL	127 121 200	60 - 110 - 100	100 + 50

Key:

1. States
2. Population, 1983
3. Delegates, 1984
4. Delegates, 1978
5. North Region
6. Northeast Region
7. Southeast Region
8. South Region
9. Center-West Region

8834

CSO: 3001

PLO SEEKS MILITARY TRAINING, ARMAMENT

Rio de Janeiro O GLOBO in Portuguese 12 Jan 81 p 4

[Text] Beirut--The Palestine Liberation Organization (PLO) is familiar with Brazilian armaments sold to some Arab countries and hopes to use them some day.

This report comes from the lieutenant commander of the Al Fatah himself, Abu Jihad, second-ranking man in the PLO hierarchy, after Yassir Arafat. Jihad said he would be grateful to Brazil if the government opened the doors of its military academies to Palestinian officers. He reported that there are students in the academies of European countries, the USSR and Arab nations.

The desire for Brazilian armament was also expressed by the PLO commanding general in the Damour region of southern Lebanon, Abdul Muti:

"The Brazilian vehicles," he said, "are easy to handle and hence can be operated by our soldiers, who only use less-sophisticated equipment."

Abdul Muti's forces are quartered in what were once summer homes, abandoned by their owners during the civil war. Tanks and guns--mostly from East Europe--are kept in what were once living rooms and garages of the partially destroyed houses, concealed from Israeli observation aircraft.

Soviet Support

Although the bulk of Palestinian armament is Russian, including the very modern Kalashnikov machineguns for use in urban guerrilla and desert warfare (high fire power and long-range action), Commandant Muti asserted the PLO does not have the full support of the Soviet Union.

"The Soviet government pays no attention to us and we are not a communist movement," he said in an interview with Brazilian newsmen.

According to Palestine military leaders, the USSR aids them because it must prevent absolute domination by the United States in the Middle East through Israel and some Arab countries associated with American interests.

In Lebanese territory the PLO has a socialist political organization, in terms of production, with factories for military equipment (the PLO assembles tanks with

chassis and motor for vehicles made in Germany) and shops to make everything from furniture and hospital equipment (the organization maintains three large hospitals and dozens of health clinics in the nation) to clothing and footwear for combatants.

According to Abdul Muti, the socialist economic base is what best meets the needs of the PLO, which is a society with a defined government but without land to establish a state.

The type of struggle against Israel is similar, according to the Al Fatah commander himself, to that adopted by Tito in Yugoslavia, in which each village (in this case, camp) was a force capable of being activated rapidly.

Combatants

In the camps the children begin to be trained for the war at the age of 8 and go about the streets of Beirut with their machineguns and .45 pistols quite naturally. This early training is justified by the military chiefs as a necessity: according to them, there is no alternative solution.

Simultaneously with military training, the Palestinian also attends schools (maintained by the PLO) for the purpose of becoming able to lead a nation, should they succeed in returning to Palestine some day. The PLO also considers the Palestinian employed in high political and administrative posts in Arab countries a combatant, due to his experience with government machinery.

All this educational and military preparation is also justified by the PLO commander in the city of Tiro in southern Lebanon on the border with Israel, Asmi Zogayar, as necessary for the future.

He does not believe the United Nations troops located on the Lebanon-Israel border prevent confrontation. That confrontation is now indirect, with long-range guns fired over the heads of the UN troops, hitting mainly civilians.

According to French soldiers vacationing among the 1,000-year-old ruins of Tiro, if there is total war the European UN soldiers will open a corridor.

"I am not interest in the subject; we came here to see the country," said a soldier named Serge.

8834

CSO: 3001

MILITARY STRATEGISTS ADVOCATE CHANGING ECONOMIC MODEL

Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Jan 81 p 5

[Article by Guilherme Costa Manso: "Military See Nationalist Strategy"]

[Text] Brasilia--The speech by General of the Army Antonio Carlos de Andrada Serpa at the Sao Paulo Engineering Institute, as well as the document "In Defense of the Threatened Nation" signed by military men, businessmen and intellectuals, are in line with the idea advocated by strategists of the three armed forces in feeling that the solution for the nation's current impasse is through changing the economic model.

In general terms, one finds, on the one hand, according to military strategists we consulted, an element in the armed forces that wants to solve the crisis within the existing economic model, replacing worn-out parts here and there, but maintaining the basic postulates of the current model with its intense concentration of income. In the other camp are the nationalists, who have been taking a position within the same capitalist model but demanding structural changes in the economy: expansion of the domestic market, more equitable income distribution, priority for agriculture--the least mechanized possible--production of goods to satisfy basic human needs, among other priorities.

It is worth stressing that military strategists view the so-called nationalist option within the framework of national security: removing the threat of civil war due to polarization of opposing interests.

The current situation has shown, according to the strategists, how far the government intends to go with its reforms. According to them, the government does not intend to tamper with the basics, just the secondary. The idea is to recondition the model but maintain capital concentration.

The strategy of the government, according to the informants, is based upon three fundamental ideas: depoliticization of the armed forces and their already announced return to the barracks, as well as punishment for all dissident military; splitting the opposition, by attracting some of them to its sphere of influence or by trusting in their inability to present a united front; and, finally, winning the 1982 election and controlling presidential succession.

Having accomplished this, the economic model and its continuation will be assured through the end of the 1980s. The government's maneuvering room, however, is

becoming increasingly more restricted. "The opposition, in time of acute crisis, tends to unite around a minimum common program. Nor is it an easy task to win elections in an economic situation such as the present. The only thing that is succeeding is the return of the military to the barracks, at least temporarily," one source asserted.

The informants say that the candidate to succeed President Figueiredo, chosen by the palace guard, is Gen Octavio Medeiros, head of the BNI (National Intelligence Service). The votes of the PDS (Social Democratic Party) will likely go to him in 1985. If the government gets a majority, it will choose the successor and have all the glory, but if it loses... Despite the words of Figueiredo--"whoever wins will gain control"--if the government does not get a majority in 1982 a major political crisis is foreseen in 1985, led by the sectors that do not want to turn over control of the country to the opposition. Some of the strategists even predict violence.

Nationalist Solution

The strategists we spoke to believe that changing the economic model would assure the nation's social stability. Achieving peace among the various segments of society in a megalomaniac and concentrative economy, excessively dependent upon outside forces, is a mathematically difficult, if not impossible, task. "The tensions that can result from the concentrative model could provoke unforeseeable social convulsions that would be difficult to control," one analyst emphasizes.

Clearly, the strategists point out, modifying the model implies a difficult and delicate transition, from the viewpoint of social stability as well as from within the context of national security.

But in view of the data about the nation's social problems--"today there are about 40 million Brazilians in a state of absolute poverty"--the strategists conclude: "It is necessary to produce basic consumption goods, directing the economy toward the domestic market, regardless of the export effort. Mass-consumption foods should be produced by the small farmer. Our agriculture must provide the greatest possible number of jobs."

Clergy

The clergy cannot be left in the background when dealing with the so-called "basic structural change." Allied with the nationalists, the bishops have been playing an important role, notably through the Basic Church Communities (CEB) which, according to some sources, can upset the 1982 elections, especially in regions where the government is a traditional winner, such as in the Northeast, where they are proliferating steadily.

The strategists also assert that the accusation of some military sectors that some of the clergy are communist would be equivalent to saying that some of the armed forces are radicals of the other extreme. It is remarked that generalization, whether in relation to the church or to the armed forces, usually leads to distorted evaluations.

The position of the clergy, the sources say, including Father Beto in the Sao Paulo ABC (refers to industrial sections of Santo Andre, Sao Bernardo do Campo and

Sao Caetano do Sul] and all leaders of the CNBB [National Conference of Brazilian Bishops], is explained by biblical principles contained in the Old and New Testaments. "The church, in perceiving the distortions of the existing economic system, which can lead to a crisis comparable to the existing in El Salvador today, understood that the great social disparities are, in the last analysis, the fruit of too many laws. Laws from the beginning were made to safeguard the privileges of the few. Hence, the church struggles for a society with more fair and equitable rules, through the legal reorganization of the nation, which would safeguard the new social pact."

The CEBs now operate in three phases: 1. Preaching the Gospel; 2. Discussion of social problems; 3. Political activities. Discussions in the CEB are also fostering nationalism, either by leaders of the clergy or by their followers, such as Andrada Serpa, and without any doubt it has already been the topic of various debates in the basic communities.

Thus, with the 1982 elections assured--"otherwise there would be a coup d'etat," the sources assert--1983 and 1984 will be extremely important years, depending upon the result of the election, as the palace strategy outlined in the Geisel administration must pursue the political organization of society within rigid parameters through its main courses of action; that is, institutionalization of the revolution and disengagement of the armed forces from power, provided, of course, it can choose President Figueiredo's successor.

8834
CSO: 3001

ALGERIAN MISSION TO DISCUSS PURCHASE OF WAR MATERIEL

Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Dec 80 p 4

[Text] Brasilia--The Algerian government will soon send a military mission here to discuss with Brazilian authorities the purchase of war materiel, particularly Cascavel and Urutu armored vehicles. The Algerian mission will come next year, although the date is not yet set, and is expected to make large-scale purchases for its armed forces.

The first meetings for this purpose were held several months ago and the Algerian reaction was favorable not only in direct contact with Brazilian exporters but also because of the good performance of Brazilian armored vehicles used by other Middle East countries.

The Brazilian advertising--according to Itamaraty (Brazilian Foreign Affairs Ministry)--indicates that the best performance by the Cascavel is yet unknown by the Arabs, as the sources say that the best performance this equipment has achieved was in maneuvers held in Chile. Next came the results achieved in Chad by Libyan troops. In third place were the Iraqi, who, due to their limited experience with the Brazilian combat vehicles, used them only in a second stage of the current war against Iran.

Strategy

The purchase of Brazilian armament by the Algerian government is part of a political strategy for aiding Brazil adopted by Algeria in the second half of 1980, according to diplomats from that nation now stationed in Brasilia.

This political option began with the decision to increase Algerian petroleum supplied to the Brazilian market from 9,000 barrels to 20,000 barrels a day, beginning in January. The additional 11,000 barrels were taken from Algeria's export quota for the United States.

The source says that Algeria decided to reduce its sales to the U.S. market and ship the petroleum to the Brazilian market because "Brazil, as a Third World country, cannot be subjected to energy pressures."

The Algerian diplomats asserted that "Brazil is a dependable partner" within the context of international relations of Third World countries and it should therefore "be protected from pressures imposed by the developed countries."

TRADE POLICY TOWARD AFRICA TO AVOID LINKS WITH PORTUGAL

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Jan 81 p 4

[Text] Brasilia--Minister Bernardo Pericás, Itamaraty [Brazilian Foreign Affairs Ministry] spokesman, denies that Brazil has any intention of carrying out a common policy with Portugal toward Africa: "There is no plan of this sort on Brazil's part. Brazil has its own channels of communication with African countries."

The spokesman asserts this topic will not be among the agreements to be made with the government of Portugal during President Joao Figueiredo's visit to Lisbon at the beginning of February.

If there is an interest on Portugal's part in joint negotiations with Brazil in Africa, the Brazilian government does not have any such interest. Itamaraty contends that, after a period of distrust, Brazil managed to achieve credibility for its African policy. Brazilian support for Portuguese colonialism created much resentment among former Portuguese colonies, especially Mozambique. But a well-conducted approach has, little by little, removed barriers in Portuguese-speaking countries. Brazil has been making progress in selling its products and services to these new nations and establishing a political relationship. The visit that Foreign Affairs Minister Saraiva Guerreiro made early last year to five countries of southern Africa--all of them front-line nations--made official Brazil's approach to the most sensitive region in Africa. Guerreiro was in Angola, Mozambique, Zimbabwe, Tanzania and Zambia.

Brazil would not want to see its action in Africa confused with that of countries such as Portugal that are still involved in controversies resulting from the previous period of colonization. It is realized that the transition in the former Portuguese colonies did not proceed without problems. Only now, with some effort, is Portugal normalizing its relations with the former colonies, especially Angola and Mozambique.

Certain that in recent years it has succeeded in smoothing the rough edges resulting from its support of Portuguese colonialism, Brazil would not like to link its African policy with that of the former mother countries. In principle, this is also valid for France, Great Britain, West Germany, Belgium and the Netherlands. Diplomatically, the Brazilian government has said it would accept joint action if the African countries themselves took the initiative and consented. In practice, however, Brazil prefers that its action in Africa be independent, operating through its own channels, currently open and clear. If, for any reason, it had to resort

to third parties for an indirect dialog with any African country, Brazil would prefer that such third parties not be ex-colonizers.

For this reason Brazil, since beginning its new African policy, has discouraged the idea of a Luso-African-Brazilian community suggested by Portugal. Brazil does not believe such an initiative would be well-received by the African partner.

Europe

Spokesman Bernardo Pericás also dismisses any possibility of an understanding, during Figueiredo's visit to Portugal, for Portugal to be a kind of mediator with the European Economic Community.

Itamaraty mentions that it already has a very free dialog with the European Economic Community, which, as a whole, is Brazil's largest trade partner. In September 1980 Foreign Affairs Minister Sarney Guerreiro went to Brussels to sign an agreement with the EEC intended to raise Brazil's dialog with this organization to a higher plane. It is also mentioned, moreover, that Portugal is not yet a member of the Community and, under such circumstances, it would have some difficulty acting as a supposed mediator. And, just as a hypothesis, if Brazil needed any mediation it could appeal to effective and strong members, such as West Germany, one of the most privileged partners of Brazil's bilateral foreign policies.

8834

CSO: 3001

UNEMPLOYMENT DECLINES IN FOUR CITIES IN NOVEMBER

Rio de Janeiro JORNAL DO BRASIL in Portuguese 30 Dec 80 p 17

[Text] Unemployment in the cities of Rio de Janeiro, Sao Paulo, Belo Horizonte and Porto Alegre fell during the month of November to the lowest levels since the IBGE [Brazilian Institute of Geography and Statistics] began its Monthly Employment Survey in January of this year. The November levels are: Rio de Janeiro, 6.51 percent; Sao Paulo, 5.15 percent; Belo Horizonte, 7.51 percent; and Porto Alegre, 3.97 percent.

The lower trend of unemployment in these four state capitals has been going on for about 3 or 4 months, as is natural at the end of each year when the rate of industrial production usually rises. Rio de Janeiro and Belo Horizonte continue to be the cities with the most unemployment, while the levels in Sao Paulo and Porto Alegre continue to be low.

Unemployment

DESEMPREGO (1)				
	RD	S. PAULO	B. HORIZ	P. ALEGRE
11/80	7.91	6.87	—	—
10/80	7.81	6.72	—	—
9/80	8.10	6.66	—	—
8/80	7.33	5.81	8.62	4.80
7/80	8.12	5.83	7.75	4.80
6/80	7.96	5.38	7.82	4.64
5/80	8.15	5.27	7.38	4.85
4/80	8.20	6.21	7.66	4.80
3/80	8.86	5.33	7.12	4.77
2/80	8.86	5.24	7.89	4.68
1/80	6.31	5.18	7.31	3.97
12/79	7.82	5.76	7.76	4.62

Key: 1. Unemployment
2. Average

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CSO: 3001

PDS AIDS PTB ORGANIZATION IN BAHIA, ALAGOAS, MARANHAO

Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Jan 81 p 4

[Text] The PTB [Brazilian Labor Party] received help from PDS [Social Democratic Party] congressmen in becoming organized in Bahia, Alagoas and Maranhao. In other states its leaders admit the possibility of a coalition with the government party in the 1982 direct elections. The traditional labor party is thus not considered as part of the opposition, especially by the PMDB [Brazilian Democratic Mobilization Party], PDT [Democratic Labor Party] and PT [Workers Party].

In Congress--where it has only 2 of the 420 deputies--and also in the states--except for Amazonas, Rio de Janeiro and Sao Paulo--the PTB has numerically weak representation and its leaders have little personal prestige.

Difficult Assessment

Ignored by the PDS and rejected by the other parties. This is the PTB situation in most states, where it is not gaining the political influence desired by its national leaders, now preoccupied with dispelling the impression that the party's role is to back up the PDS.

The provisional national commission has dismissed the Bahia regional directors because of their ties with the PDS, and is likely to call a halt to drastic measures at that point because to extend them to other states would mean doing away with the structure already organized and not being in a position to rebuild it, as it lacks political leaders.

With a numerically insignificant congressional representation, the PTB does not exert any political influence in Congress. As of now, it has only two deputies--Jorge Cury (RJ [Rio de Janeiro]) and Vilela de Magalhaes (PR [Parana])--although it hopes to have Walter Castro and Joao Camara (MS [Mato Grosso do Sul]) and Rafael Baldacci, Giola Junior, Del Bosco Amaral, Castro Coimbra and Rui Codo (SP [Sao Paulo]) this year.

Deputies Jorge Cury and Vilela de Magalhaes have voted with the PMDB, PP [Popular Party], PDT and PT on important issues but are still undecided about election of the next Chamber president, although the other opposition parties--except for the PDT--have agreed upon the name of Djalma Marinho.

Similar to what occurred in Bahia, Maranhao and Alagoas, where government politicians are alleged to be PTB organizers, opposition congressmen were saying last year that Deputy Miro Teixeira, PP candidate for Rio de Janeiro governor, was helping the labor party in Rio de Janeiro. One of the politicians contacted by him to leave the PMDB and work for the PTB was Municipal Councilman Carlos de Carvalho.

Janio's Minister Joins Party

Former President Janio Quadros will be invited to Rio de Janeiro to attend the initiation of his former minister of education, Brígido Tinoco, into the PTB, it was announced yesterday by the regional president, former Deputy Paiva Muniz. Besides being a cabinet minister, the new PTB member was a federal deputy until 1978.

Another party recruit was former Senator Benjamin Farah, adviser to the State Audit Office, from which he is retiring. His entry into the labor party was decided upon after a conversation with the regional president and deputies Ario Teodoro and Fernando Leandro.

Organization in States: Sao Paulo

The chief organizers of the PTB in Sao Paulo are ex-President Janio Quadros, its most distinguished member, and Ms Ivete Vargas. Cassated former Deputy Gastone Righi is also gaining attention in the party. Deputy Rafael Baldacci (formerly of the PDS) and Lurtz Sabia, a former state deputy cassated in 1968, are also helping, although not yet party members.

Both Janio Quadros and Ivete Vargas insist that the party "is authentic," although both have been accused of having government connections. Since his resignation as president, Janio Quadros had not joined any party until choosing the PTB recently. He is considered the party's probable candidate for governor of Sao Paulo in 1982.

He denies having talked with General Golbery since resigning as president, which Senator Franco Montoro (PMDB), in particular, does not believe. The ex-president, however, has never concealed from anyone his meetings with some of the most trusted members of President Figueiredo's team, including Planning Minister Delfim Netto. The two have met several times, in Guarujá and Sao Paulo. Janio Quadros even declared privately that the planning minister would be "an excellent candidate" to succeed Governor Paulo Maluf; "an unbeatable candidate" if he overcomes inflation. The ex-president also met frequently with former Governor Laudo Natel, a friend of President Figueiredo.

Former Deputy Gastone Righi, whose stronghold is the Santos Lowlands, has been faithful to the PTB. He belonged to the MDB, was cassated and arrested in 1969. He was once a member of the Socialist Party and believes that Janio Quadros returns to public life "bringing a new message" and as "an alternative" for the nation.

Rio de Janeiro

No one has spoken out publicly. But behind the scenes physician Guilherme Romano, who represents the interests of Minister Golbery do Couto e Silva in Rio, says he believes--without saying why--in an alliance of the PTB with the PDS to support a

gubernatorial candidate for Rio de Janeiro State. And his friends do not hide the fact that, when asked, he did not refuse to help the labor party in its efforts to establish a branch of Ms Ivete Vargas' party in the state.

There are no reports, however, of meetings of PTB leaders with the physician, who has the power to hire and fire in the state and even uses it, when so instructed by Planalto Palace, beyond state borders. The PTB's closest links appear to be with the PP and, hence, with Governor Chagas Freitas.

Federal Deputy Jorge Cury and state deputies Emanuel Cruz, Fernando Leandro, Joaquim Joia and Henrique Pecanha, for example, were from the MDB and associated with the Chagas Freitas group. All of them, before choosing the Brazilian Labor Party, acknowledged membership in the PP and sought administrative positions within the Chagas Freitas government.

The main base of the PTB rests upon the shoulders of older orthodox laborites--a legion of persons who were cassated--who hope to return to the political scene in the 1982 elections. They include former federal deputies Paiva Muniz and Edesio da Cruz Nunes. They are politicians without apparent links with the new leaders and situations created since 1964.

The PTB's connection with Chagas Freitas is deduced by Brizola's supporters from the position of Ario Teodoro, formerly of the MDB, as president of the Rio de Janeiro State Social Security Department (IPERJ)--one of the state's most important agencies--even after he decided to join the Brazilian Labor Party, of which he is national secretary.

Ario Teodoro does not disguise his close friendship with Governor Chagas Freitas. Friends of the governor, in turn, report that the relationship between the two is so close that, at the beginning of the administration, when asked to serve in the state government through the IPERJ, Ario Teodoro warned Chagas Freitas that he could accept the position, but he might take a course different from that of the Chagas Freitas group as a result of party reform.

When he chose the PTB, Ario Teodoro went to Chagas Freitas and offered to resign. He was told in reply that he had not been appointed president of the IPERJ as a politician but as a friend.

Minas Gerais

The Minas Gerais PTB today is no more than an old label at the service of other parties, including the PDS. Its resigning president, former deputy and industrialist Mario Bicalho, accuses his comrades of working for PP, PMDB and PDS candidates.

The climate of party disorganization reached its high point this week, when the party had two presidents, Mario Bicalho, who had announced a trip to Mato Grosso do Sul, being deposed by the vice president, former Deputy Wilson Modesto, who, without consulting him, called a meeting of the executive board and signed an official notice as "acting president."

Disagreements are nothing new and even former Governor Gilberto Mestrinho of Amazonas, sent to Minas Gerais a month ago by the national board of directors, could not prevent them.

According to comments by deputies from other parties, the principle leader of the Minas Gerais PTB is Jose Aparecido de Oliveira, the PP candidate for state governor.

Santa Catarina

None of the members of the PTB provisional regional commission in Santa Catarina, who come from varied political backgrounds, is an office holder. The party has set up directorates in 17 municipalities and is accused of receiving help from government employees.

However, Renato Cavalazzi, who is responsible for the PTB accounts, replies that if this were true the headquarters rent (15,000 cruzeiros a month) and the telephone bill would not be unpaid. The party would also have 18,000 cruzeiros with which to reply through newspaper advertisements to Federal Deputy Joao Linhares (PP), who made accusations considered "slandorous" by the PTB.

The PP deputy and the mayor of Joinville, Luiz Henrique da Silveira (PMDB), accused Waldir Buzatto, in the lieutenant governor's staff, of using government money and vehicles to organize the PTB in his electoral stronghold, the western part of the state.

Alagoas

The PDS federal deputy and former governor of Alagoas, Divaldo Suruagy, admits that the Alagoas PTB received help from PDS State Deputy Walter Pitombo Laranjeiras, but only due to a family relationship: "He only wanted to help his uncle," he insists.

The deputy's uncle is Ari Pitombo, former federal deputy who has been a resident of Rio de Janeiro for many years and is responsible for coordinating organization of the PTB in Alagoas.

The accusation that the state PTB received government help to establish many of its 25 provisional commissions came from Federal Deputy Murilo Mendes, who worked for Brizola's PDT and is now in the PMDB, where the most important personality in Alagoas is Senator Teotonio Vilela.

Former Labor Commissioner Edson Falcao, president of the PTB regional commission, denies having received government assistance, but admits that he will support the candidacy of Deputy Divaldo Suruagy for governor in 1982.

Bahia

At the Bahia PDS regional convention last year, Governor Antonio Carlos Magalhaes hailed the head of the state's PTB provisional commission, Cicero Alves de Almeida, as "our comrade."

That treatment did not really cause much surprise, because some time ago Federal Deputy Joao Alves de Almeida (PDS), brother of Cicero Alves, spread it far and wide that "in Bahia, Governor Antonio Carlos Magalhaes already has a second party: the PTB, which we are helping to form."

In Bahia political circles it was said that Joao Alves de Almeida would like to be a PTB candidate for senator in 1982, with support from Governor Antonio Carlos Magalhaes.

The PTB became so discredited that the national officers had no alternative but to disband the provisional regional commission.

"It is better not to have anyone minding our affairs in Bahia than to have a 'parrot' party," explains PTB President Ivete Vargas.

Para

The Para PTB offered to reach an agreement with Governor Alacid Nunes when he had a parting of the ways with Senator Jarbas Passarinho over control of the PDS. This and other episodes hurt the image of the PTB, which has not yet managed to be accepted as an opposition party in the state.

Supporters of Alacid Nunes themselves came to the conclusion that, outside of the PDS, their only option was the PTB, as a good reception in the PP was unlikely, much less the PMDB.

Rio Grande do Sul

In the past the PTB had its greatest strength in Rio Grande do Sul, a situation that is totally reversed today, when it has only 1 municipal councilman in a total of 2,500.

The old party's isolation results largely from its repudiation by former Governor Leonel Brizola and his followers, who accuse the Rio Grande do Sul PTB of being infiltrated by government security agents, besides being assisted by the chief of the president's civilian household, Minister Golbery do Couto e Silva.

Even Senator Pedro Simon, president of the Rio Grande do Sul PMDB and diligently trying to unify the opposition parties for confronting the PDS in 1982, has been avoiding a bolder approach to the PTB in view of the reactions it would arouse, mainly within the PDT and the PT.

Parana

The Parana PTB is in the hands of State Deputy Adalberto Daros, 36, twice a municipal councilman and now serving his second term in the legislative assembly. His political career was started in the MDB as heir to the political spoils of his father, former Deputy Waldemar Daros, PTB leader in the 1950s, considered a steadfast nationalist. The Parana PTB also harbors former ARENA Senator Matos Leao, without a party since becoming unfriendly with Governor Ney Braga.

Matos Leao brought along with him ARENA Federal Deputy Vilela Magalhaes, who is likely to favor Nelson Marchezan of the government party for Chamber president.

Amazonas

Unlike the situation in the rest of the country, the PTB is strong in Amazonas. With four state deputies and five councilmen in Manaus, it does not even need coalitions to win the 1982 election.

As its major adversary in the state is the PDS, the Amazonas PTB has an acknowledged oppositionist stance under the command of former Governor Gilberto Mestrinho, favored candidate to run for governor. In 1954 Mestrinho even defeated a UDN-PTN [National Labor Party] coalition.

In view of PTB strength, a possible coalition between it and the PDS, which is likely to win the Senate seat, is spoken of. Leaders of both parties, however, deny there is any chance of such an arrangement.

Maranhao

The PTB was organized in Maranhao thanks to the role of PDS President Jose Sarney, who, at the request of the president's civilian household chief, General Golbery do Couto e Silva, suggested the most suitable names to organize the party.

Deputy Remi Ribeiro (PP) got this information from the PTB treasurer, retired Military Police Col Euripides Bezerra, chief coordinator of the party in this state and to this day closely tied to Senator Jose Sarney, "whom he would abandon only in death."

The president of the provisional regional commission, physician Cesaria Coimbra, is at a loss to explain the origins of the Maranhao PTB organization, but makes no secret of the fact that there were negotiations in Brasilia "and my name was suggested for president because of my friendship with Getulio Vargas."

8834

CSO: 3001

EMBRAER SEEKS TO EXPAND SALES IN CHINA, JAPAN, CANADA

Rio de Janeiro O GLOBO in Portuguese 12 Jan 81 p 19

[Text] Sao Jose dos Campos--Having consolidated its penetration of the U.S. market, where 42 Bandeirante aircraft are already operating regularly on regional airlines, to which will be added 25 more units to be delivered this year, thus surpassing the total being operated in Brazil itself, EMBRAER [Brazilian Aeronautics Company] will now seek to conquer new sales fronts, with expansion of the Canadian market and "discovery" of India, Pakistan, China and Japan.

EMBRAER's image abroad, according to its marketing director, engineer Ozilio Carlos da Silva, was definitely established in 1980, because 50 Bandeirantes were sold in the United States; the T-27--100 percent domestically-produced military training turboprop--project was developed; and international operators could see a mock-up (full-scale model) of the future Brasilia 30-passenger commercial aircraft.

"The sight of the Brasilia installed on the fifth floor of the Adams Hotel in Phoenix, Arizona, where about 1,000 aviation industry specialists were meeting last November undoubtedly had considerable impact," said engineer Ozilio Silva, adding that as a result EMBRAER obtained 116 purchase options for the future aircraft, 86 of them for civilian use.

The purchase option, Ozilio emphasized, is not a mere formal commitment that could eventually be forgotten. It is, in fact, a guaranteed agreement to which interested buyers become entitled by depositing \$15,000 within the stipulated period. "It is demonstrated that the Brasilia will be another export success," he said, adding that "the project has already consumed 100,000 man-hours and the first prototype will be in flight by 1983."

Winning in France

Another extraordinary event likewise contributed to demonstrating the Brazilian aeronautics industry's strong position in the international market: participation by EMBRAER neck and neck with two U.S. powers in the commuter class, Beech Aircraft and Cessna, in the bidding competition held by the French Defense Ministry to buy a new training aircraft for its air force academy.

The Xingu surpassed its competitors and was considered the ideal instrument for pilot training due to its quality, competitive price, low operational cost and

excellent performance in the intense battery of tests to which it was subjected. An engineer Oallio pointed out, "the Xingu is a modern product of high reliability."

Hence, between 15 and 20 January, at the French embassy in Brasilia, the contract to buy the Xingu aircraft will be signed, with an option for nine more units, to be made by EMBRAER starting this year. The order has a total value of \$55 million, which is 60 percent of the sales predicted by the company last year.

Unchanged

In terms of the overall market, EMBRAER had the same production and sales as it had in 1979, although billing increased--the marketing director explained--due to producing more large-sized aircraft, resulting in a substantial increase in sales, which were 9.1 billion cruzeiros, of which \$85 million represented exports. Altogether, 431 aircraft were manufactured, 5 less than in 1979.

"We fell a bit short of our export goal, which was \$100 million, due to a technical problem caused essentially by a soft market during August and September. When the market recovered in October, there was not sufficient time to fill all orders, due to the amount of paperwork involved," he explained.

However, he said, 12 aircraft will be delivered this month that could not be delivered at the end of last year: 2 Xingus for Belgium and 13 Bandeirantes for the United States, Australia, France, Canada and Colombia, representing about \$25 million, thus making up for what was lacking in 1980.

"From the accounting point of view, we fell short of our goal but, on the other hand, the strategy was successful," he stressed.

8834

CSO: 3001

BRIEFS

DOMESTIC ORDNANCE PRODUCTION--Gen Benedito Maia Pinto de Almeida, chief of the Army Ordnance Department, announced in Porto Alegre yesterday that Brazil is very close to attaining 100 percent domestic production of its war materiel. According to him, this index is now nearly 90 percent in armaments and combat vehicles. The general declined, however, to state what volume of domestically produced materiel Brazil will export this year. Pinto de Almeida explained that the Army is not responsible for negotiating exports directly, as this is a responsibility of industry, with facilities concentrated mainly in Sao Paulo, Rio de Janeiro and Rio Grande do Sul. He considers the Brazilian industry in this sector one of the most advanced in the world. The Army has its own factories in Realengo, in Andaraí, and the War Arsenal in Rio de Janeiro, but is heavily dependent on Sao Paulo, where ENGESA [Specialized Engineers, Inc] and various other armaments industries are concentrated. Rio Grande do Sul, he said, produces weapons and ammunition. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 Jan 81 p 5] 8834

CUBAN EXILES--Sao Paulo--In response to a request from the International Labor Organization (ILO) addressed to the Labor Ministry, Brazil will receive early in February a group of 34 exiled Cubans who are to be settled in various towns in Parana. They fled to the United States about a year ago and are now living in Peru. The announcement was made by Sergio Pereira Lobo, coordinator of the National Employment System (SINE) in Parana, which will be responsible for integrating the Cubans in Brazil. According to him, by the end of the week SINE will sign an agreement with the Labor Ministry to assume care of the exiles. "According to the agreement," he explained, "the Labor Ministry will appropriate 1.2 million cruzeiros to be spent on food and lodgings for the Cubans during 4 months." The group of exiles, which has been in Lima for 4 months waiting for a country to grant it asylum, consists of 25 adults and 9 children. Nineteen of them belong to five families that will be settled in distant regions of Parana. Sergio Lobo believes that this measure will help their integration in Brazil, as only three of them have college degrees, in the humanities, and most of them are skilled metalworkers. [Text] [Rio de Janeiro O GLOBO in Portuguese 9 Jan 81 p 4] 8834

ARMY MINISTRY EXPENDITURES--Brasilia--The Army Ministry will spend a total of 1,686,246 cruzeiros this year on travel fares, baggage, expense reimbursement and per diem, according to budget quotas allocated to 15 agencies and approved by the interim minister, Ernani Ayrosa. Expenditures during the first quarter for fares and baggage, cost reimbursement and per diem will be 324,590,621 cruzeiros, 256,679,200 cruzeiros and 49,338,165 cruzeiros, respectively. In the second quarter they will be 171,371,285 cruzeiros, 147,639,500 and 48,240,659 cruzeiros,

respectively. The figures for the third quarter are 221,513,655 cruzeiros, 149,597,900 cruzeiros and 51,594,571 cruzeiros, respectively; and for the fourth quarter, 128,625,439 cruzeiros, 98,256,400 cruzeiros and 38,798,605 cruzeiros, respectively. The agency receiving the largest quota is the General Personnel Department, funds management, which will have expenditures on travel, instruction and training for military personnel in domestic civilian industry and other courses administered by the Training and Research Department. The smallest portion is allocated to the General Directorate of Economics and Financing. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jan 81 p 4] 8834

CSO: 3001

MAIN NATIONAL EVENTS OVER PAST 5 YEARS NOTED

Havana VERDE OLIVO in Spanish 21 Dec 80 pp 34-43

[Article by Elsa Blaquier and Luis Lopez]

[Text] The 1976-1980 period has concluded, and with it the efforts of an entire nation to implement the program outlined by the First Congress of the Cuban Communist Party.

These past 5 years have been characterized by adverse developments for the Cuban economy. Imperialism's already historic blockade was compounded by disorderly world markets on which prices in general skyrocketed, under the impact of the general crisis that capitalism is going through. As we know, our country must make certain purchases in the convertible currency area. Oil, a vitally important product, was one of the items whose prices spiraled upwards, increasing from 15 to more than 250 pesos a ton.

Exactly the opposite was the case with sugar. Standing at more than 20 cents in 1975, it dropped sharply in 1976 to less than 7 cents. It was not until 1980 that prices began rising, eventually doubling their 1975 levels.

Outbreaks of swine fever hit the eastern part of Cuba hard, and blue mold, which attacked the tobacco crop, and sugar cane rust (affecting one-third of the country's cane-growing acreage) dealt a considerable blow to two of our major export lines.

In spite of the difficulties, Cuba did not fail to meet its trade commitments or pay its overseas financial debts, thus consolidating the prestige that it already enjoys.

The economic plan that was approved for the 5-year period was drafted in realistic terms, consistent with the country's potential. Economic growth was supposed to be six percent a year, which was lower than between 1971 and 1975. Nonetheless, the appropriate adjustments had to be made, on account of the aforementioned reasons, always in line with the policy of avoiding further restrictions and of preventing investments basic to subsequent development from being curtailed.

Pursuant to the policy outlined by the party in connection with savings, an expansion of export lines and a decrease in imports, new sources of revenue were created while others were expanded, including overseas construction, the exporting of technical services, a rise in cement production, the sale of naphtha, expanded exports of citrus fruits, etc.

In this review we cannot forget what the aid lent by the countries of the socialist community, in particular the Soviet Union, meant to the nation's economy and its development.

While sugar prices were dropping, the Soviet Union, thanks to the agreement we signed with it, always paid more than the world market price, and under a sliding clause, if our imports from the USSR increased in price, the price of sugar rose automatically too.

The same thing was the case with petroleum. In addition to having guaranteed supplies, we paid a significantly lower price for it than on the world market. Whereas other underdeveloped countries had to pay more than 200 pesos a ton, unless they wanted their economies completely shut down, Cuba was charged some 70 pesos. This was the case with other products and raw materials that the Soviet Union and other socialist community countries supplied to us at lowered prices under our agreements.

Current world economic conditions have led underdeveloped countries without oil to seek overseas financing, which is difficult for Cuba on account of the economic blockade.

The attitude of our people over these 5 years has been praiseworthy. The efforts put forth by the workers in carrying out the measures decided on by the party in light of our difficulties staved off more serious consequences for our open economy.

The resolutions of the First Party Congress have gradually been implemented. Our gross social product has increased; major industries have been built all over the country, contributing to the enhancement of our technical-material base, and other investments will bear fruit over the next 5-year period. Infrastructure projects have been given a major push, and some will be completed this year. Our power generating industry has upped its capacity. Progress is being made in other branches of the economy, and all sorts of services for our people are being improved. The supply of industrial products and items, including farm products, has also improved in our commercial network.

Progress has been made in the social sphere during this period. Real gains have been recorded in education, including the workers' victory in completing the sixth grade. Public health indicators have risen considerably, and many of them are already at the level of the developed countries. The construction of social facilities in general has continued.

The following is an account of some of the projects and tasks that have been undertaken over the last 5 years and that will enable us to continue moving forward in the construction of socialism.

A New Source of Foreign Exchange

Over the past 5 years, seven citrus fruit packing plants were built in the provinces of Pinar del Rio, Havana, Matanzas, Ciego de Avila and Camaguey and in the special municipality of the Isle of Youth. In 1975, 59,668 tons of citrus fruits valued at 11.92 million pesos were exported. In 1977, exports totaled 83,645 tons, bringing in 17.167 million pesos.

As this article was being written up, we learned that the special municipality of the Isle of Youth harvested a million quintals of citrus fruit for the first time in history. The island's harvest this year represents 66 percent of its harvest for the entire 1971-75 period.

New Production Methods

Farmers began forming cooperatives in the wake of the Fifth Congress of ANAP [National Association of Small Farmers], in accordance with the guidelines set down by the First Party Congress. There are currently 1,017 farm production cooperatives, with a total membership of 26,454 farmers and title to 14,007 caballerias (1 caballeria = 33.2 acres). The movement consists mainly of sugar cane, tobacco, roots and vegetables, and livestock cooperatives. The state has lent its support to the development of this new method of production: in just 2½ years it has granted 39.3 million pesos in loans. So far, many of these cooperatives have recorded positive balances in their economic activities.

A new way for farmers to do business was created this year with the opening of a Free Farmer's Market in each municipality. This measure is to the benefit of both consumers and small farmers and cooperative members, who can sell the various products that they grow after meeting their commitments to Collection [Acopio].

Bus Production

Some 9,000 buses were scheduled to be built in the 1975-80 period. On 14 November of this year the workers at the Giron Vehicle Body Enterprise met this goal, having assembled 6,995 Giron V model buses, 895 Giron XI's, 305 mountain buses, 730 Giron XII's (Pegaso) and 75 Giron XIII's (Ikarus). The value of this enterprise's output from 1971 to 1975 was 42.46 million pesos; over the past 5 years it totaled 122.258 million pesos. Production over the past 5 years was up 3,515 vehicles from the previous period.

The Fruit of Friendship

The "60 Anniversary of the October Revolution" Sugar Cane Combine Factory was inaugurated in 1977 to celebrate the 24th anniversary of 26 July. The factory is the result of cooperation between the USSR and Cuba and an obvious indication of how relations stand between the two countries. The plant's expected annual production is 600 combines and 1,000 metric tons of spare parts. It covers an area of 108,000 square meters and cost a total of 46 million pesos. It currently puts out some 300 combines a year.

Increase in Yields

Major gains were made in sugar cane growing. The per caballeria yield was boosted from 49,900 arrobas (1 arroba = 25 pounds) in the 1971-75 period to 58,300 in the 1976-80 period, and new and more productive varieties of cane have been introduced. The mechanization policy spread to 100 percent of land preparation and 90 percent of cultivation. The use of fertilizers was increased more than sevenfold. The number of men employed in cutting, loading and hauling dropped from 400,000 in the 1954-58 period to a yearly average of 190,000 over the past 5 years.

An Ambitious Project

About 32 percent of the National Highway is now open to traffic. This infrastructure project, which began in 1968, received a major push over the past 5 years. Some 330.2 of its 1,040 kilometer length are now in use, which has improved the traffic situation, basically along the Havana-Santa Clara stretch. The project is valued at 643.7 million pesos. Work will continue on this roadway over the next 5 years, linking our main economic centers. Just a few months ago earthwork began on two of the multiservice centers that the "eight-laner" will have.

Other Industrial Projects Completed Over the Past 5 Years (Includes New Investments and Capacity Expansion)

- Vehicle battery plant (Granma)
- Sprinkler irrigation complex (two: Cienfuegos and Granma)
- Asbestos cement plant (two: Havana and Santiago)
- Concrete tubing complex (three: Villa Clara, Camaguey and Holguin)
- Cardboard corrugating plant (two: City of Havana and Santiago)
- Torula plant (nine in all)
- Bulk sugar warehouse (two: Las Tunas and Granma)
- Citrus fruit industrial complex (Isle of Youth)
- Animal meal plant (two: Villa Clara and Santiago)
- Canning factory (two: Havana and Granma)
- Cold storage plant (four: Pinar del Rio, City of Havana, Matanzas and Camaguey)
- Citrus fruit packing plant (four: Pinar del Rio, Havana, Ciego de Avila and Camaguey)
- Primero de Mayo Towel Factory (City of Havana)

Transportation

Sizable investments were made to improve and update our modes of transportation. In 1975, more than 2.268 billion passengers were transported, with the number rising to 2.315 billion in 1979, 2.1 billion of them by bus. Our railways carried 6.852 million more passengers last year than in 1975. Airline service saw new domestic and international routes opened up and currently offers 36 of them with a total distance of 55,549 kilometers. The number of airline passengers in 1979 totaled 875,000, 157,300 more than in 1975.

Our Main Industry

Steady gains were made in the sugar industry. The utilization of industrial capacity averaged 10 percent higher over the past 5 years than in the preceding period. Lost time was down 2.15 percent, while yields were up 2.49 percent, and petroleum consumption was down 0.35 gallons per metric ton of ground cane.

Institutionalization

The institutionalization process was another of the tasks that the country undertook. During its sessions the National Assembly debated and passed various laws, the annual budgets and reports submitted by working committees on political, economic and social matters and strengthened relations with its counterpart bodies in the socialist countries.

In February 1976, more than 90 percent of our people voted in the Constitution of the Republic of Cuba.

The Economic Management System is a fact. Hundreds of plants are making use of economic accountability with positive results.

Under the new Politicoadministrative Division, the country was divided into 14 provinces, 168 municipalities and one special municipality.

We ought to mention, as a part of this entire process, the General Wage Reform that will be implemented in the country in 1981 after long and diligent study. Thanks to this measure the Marxist dictum "from each according to his capacity, to each according to his work" will be able to be put into practice in its full dimension.

For Our Sugar Mills

One of the accomplishments of this period is that we now produce more than 60 percent of the components for our sugar mills. Various domestic industries currently manufacture boilers, tandems and rollers and eventually, we hope, the automatic centrifuges. The value of production in this regard rose from 2.5 million pesos in 1975 to 15.669 million in 1979.

New Sugar Factories

The sugar mill reconstruction and expansion program was accorded priority during this period. Two new plants, Batalla de las Guasimas in Vertiente, Camaguey and 30 de Noviembre in Pinar del Rio, were finished, and two more will be completed shortly. Some 15 new mills are currently under construction. Work was also undertaken to update the mills and expand their operating capacity.

A Important Industry

The resolutions of the First Party Congress concerning the electric power industry were also carried out during the past 5 years. Thanks to enormous

efforts, electric power generation recorded a more than 40 percent growth from 1975 to 1979. The projected output of 9 billion kilowatt/hours was surpassed. New units were placed in service with a power output of between 850,000 and 1 million kilowatt/hours. The investments in this branch include the installation of more than 10 units, making a total of 967,000 kilowatts of power brought on line during the period.

This year the national energy network will be completed. Work on the 220,000 volt high-tension line is concluding with the 160-kilometer Vicente-Nuevitas stretch. The hookup necessitated the installation of 741 kilometers of transmission lines.

Here is an interesting piece of information: in 1958 the Cuban Electricity Company generated 1.7 billion kilowatt/hours; in 1979 our electric power system generated 8.084 billion, almost 5 times more. The average monthly consumption per residential user stood at 69 kilowatt/hours in 1958, compared to 125 in 1979.

The new electricity rates for the residential sector went into effect in October of this year to encourage energy conservation. The price of a kilowatt/hour is 6.5 centavos under the new system. Under the new rate system, the meters are read monthly, in contrast to the former, less frequent readings.

Sixty Million Meters...

Barely a year ago the commander-in-chief inaugurated the Desembarco del Granma Textile Complex in the province of Villa Clara. It cost more than 142 million pesos to erect this colossus, whose technology and structure are considered among the most up-to-date in the world. The complex has a roofed area of 139,000 square meters, and its output at full capacity is some 60 million meters of textiles: 15 million of viscose-polyester, 33.6 million of cotton-polyester and 11.4 million of 100 percent cotton. Its payroll numbers 4,567 workers. As Fidel pointed out, part of this output could be exported to bring in foreign exchange.

This complex has considerably boosted the production of textiles in our country, which were valued at some 111.3 million pesos in 1979.

A Million Liters of Milk

The provinces of Havana and the City of Havana recorded a major accomplishment towards the middle of this year: dairymen reached the sought-after goal of a million liters of milk a day. This level was maintained for almost a month. The fulfillment of this pledge saved the country foreign exchange and enabled our people to consume more of this foodstuff.

The domestic production of milk stood at 81,631,000 liters in 1971, whereas in 1979 it had risen almost threefold (260 million).

Communications Improvements

The coaxial cable project was one of the undertakings begun over the last 5 years. The coaxial cable will be the backbone of the main transmission system of the future national telecommunications system.

It will provide a considerable number of high-speed telephone and telegraph lines, serve as a telephone support for data transmission and computer-to-computer communications and will provide a duplex color television channel and radio broadcasting channels, as well as make possible the future transmission of print by facsimile.

It will be some 1,180 kilometers long. More than 200 kilometers of the cable have been laid since work began on 2 May 1978. The project is expected to be completed in 1985, as its fourth stage gets under way. It will be worth tens of millions of pesos.

Nickel

Pursuant to the decisions by the First Congress of the Cuban Communist Party, projects have moved forward to refurbish the Nicaro and Moa nickel plants and the nickel machine complex; work will be completed during the next 5-year period.

The Punta Gorda nickel plant, which is being built with the aid of the USSR, and the Las Camariocas plant (with assistance from CEMA [Council for Mutual Economic Assistance]) will expand our industrial capacity to export this mineral. Output in 1970 was valued at 53.3 million pesos, compared to 73.8 million in 1979.

New Poultry Dressing Plants

More than four poultry dressing plants were built in Pinar del Rio, Havana Province, Havana and Matanzas. Investments are being made in other provinces for similar plants, which have a slaughtering capacity of 3,000 chickens an hour.

Our Merchant Fleet and Ports

There has been a considerable expansion of the Cuban Merchant Fleet. In 1960, it consisted of just 19 vessels with a dead weight of 76,800 tons, whereas in 1979 it had 96 ships with a dead weight of 935,400 tons.

More than 129 million pesos were earmarked over the past 5 years for the remodeling, expansion and construction of port facilities, in response to the boom in our trade with the rest of the world, mainly with the socialist countries. Wharfs 17, 21, 22 and 23 were completed in the port of Havana, and work is moving forward on overhauling Zone 6. In the port of Cienfuegos, work was completed on wharf 3 and continues on 4 and 5. The port of Nuevitas is being modernized, and the ports in Santiago and Matanzas are being expanded and remodeled.

The Central Railway

The construction of the central railway is moving forward at a good clip and has received a major push in recent years. The railway is 837 kilometers long and has 50 stations. The 262.9-kilometer Havana-Santa Clara stretch, 150 minor projects and 105 bridges have been completed. After the rails are laid and enclosures erected around them, the electronic signaling system and level-crossing monitors will be installed, which will enable the trains to reach speeds of up to 100 kilometers an hour along some stretches.

GDR Help

The Juan Marinello Printing Complex was inaugurated on 1 July 1977 in the province of Guantanamo thanks to the cooperative efforts of specialists from the GDR. The complex, which required a total investment of 14.6 million pesos, covers an area of 23,000 square meters and will be able to put out 20 million books, 2 million pamphlets and 1 million magazines a year.

A New Life Being Built

Overall industrial construction rose from 1.25 billion pesos in 1975 to 1.569 billion in 1979. There were difficulties in this sphere over the past 5 years because of the adjustments that had to be made in the country's economic plans.

Nevertheless, the value of industrial projects, electric power systems, railways and other projects built and installed in 1979 was up from the 1975 level.

As far as housing construction is concerned, the Construction Ministry completed 66,079 units over the last 4 years. The ministry also undertook agricultural, school and water projects. In connection with the latter, there were 13 dams or mini-dams in Cuba in 1959. Since then 442 have been built.

Significant Improvement

Constructive efforts were put forth in distributing industrial and food products through the retail trade network, as various domestic and imported items were sold around the country. The value of wholesale sales to the retail network rose from 3.832 million pesos in 1975 to 4.336 million in 1979, while the amount of retail sales increased by almost 1 million pesos during the same period.

The so-called parallel market was set up during this period for sales of imported industrial and food items. In addition, a number of others items were taken off the supply control booklet.

The network of commercial establishments comprised 14,314 units. In addition, a great many of them extended their hours to serve the public.

Further Successes in Education

Education continues to score successes, as education-related constructions have kept pace with needs.

The number of day care centers increased by 144 from 1975 to 1979, and the number of mothers who benefited from them rose from 53,286 to 83,439.

The number of intermediate schools increased during the period, due to the natural increase in population, and the number of students at the various levels of schooling rose from 3,267,473 in 1975 to 3,401,063 in 1979.

The scholarship program was expanded to 197,899 beneficiaries. The number of boarders in primary school also jumped to 50,769, while in higher education 41,478 students were the beneficiaries, as compared to 27,810 in 1975.

Higher education was being received by 61,490 students more than in 1975, and almost 3 times more were graduating.

The working class, which is fully incorporated into studies programs, won the battle for the sixth grade, thus fulfilling one of the resolutions of the party congress.

Health Care, Number One

Efforts continued over the past 5 years to develop every kind of public health service. By 1977 the country had 1 doctor for each 694 inhabitants, a figure surpassed only by Canada and the United States. That same year, there was 1 hospital bed for each 277 inhabitants. An intensive campaign was undertaken during this time to improve the quality of services, and positive results were achieved.

There were, in all, 55,033 job posts for medical personnel in 1979, as the number of physicians, dentists and nurses and aides rose by 5,710, 1,140 and 4,864, respectively, from 1975.

The new hospitals to be built during this 5-year period will make more than 3,000 beds available to our people. The hospitals in Cienfuegos, Las Tunas and on the Isle of Youth have been completed, and the first stage in the expansion of the Camaguey provincial hospital is now over. Expansion work also concluded on the Frank Pais Hospital in Havana.

Agricultural Production Up

The upward trend in harvests continued for most farm products. For example, 79,000 tons of sweet potatoes were harvested in 1979, as compared to 22,000 tons in 1970. Potatoes show a similar pattern, as the 1979 harvest was more than 2.2 times greater than in 1970. Tubers and roots, grains and vegetables show the same pattern, although in recent years there has been a drop in certain products such as onions and garlic.

The following developments have taken place as far as livestock products are concerned: egg and poultry production is up from 1975, and pork tonnage has also risen.

Sailing the Seven Seas

The fishing industry is a new source of foreign exchange that the revolution has created. The value of its gross output has been increasing, hitting 107 million pesos in 1979, 113 percent of the 1975 production level.

Once composed of small boats that could not venture beyond the gulf, the Cuban fleet can be seen today all over the world, proudly exhibiting our colors. At present there are 313 vessels in our tuna, gulf and shrimp fleets hauling in these sought-after seafoods.

The First Cuban in Space

The past 5 years were witness to a major scientific and technological advance in the conquest of space, a genuine expression of socialist internationalism. Soyuz-38 carried Soviet cosmonaut and pilot Yuri V. Romanenko and research cosmonaut Lt Col Arnaldo Tamayo, the first Cuban and Latin American citizen to accomplish this feat, into space.

Seven Central Administration organizations, more than 50 research institutions and about 500 technicians and workers represented Cuba in having a direct role in drawing up the program of experiments.

Thanks to the intensive efforts of specialists from the two countries on Salyut-6, the cosmonauts carried out a series of scientific and technical research projects of interest both to Cuba and the other countries involved in the Intercosmos Program.

The cosmonauts conducted experiments on the remote detection of natural resources, organic and inorganic crystal growth, as well as other biological, medical, physics and technical experiments.

Note: The information contained in this article was extracted from the following sources:

--Central Report to the First Party Congress and the Ninth Plenum of the Central Committee

--Speeches by the commander-in-chief: 5 December 1978; 27 December 1979; 30 October 1980

--Central Report to the First National Meeting of Cooperatives

--Report on the implementation of the 5-year plan, Giron Vehicle Body Manufacturing Enterprise

--The magazine VERDE OLIVO, 1979, Nos 43 and 49; 1980, Nos 26, 35 and 36

--Statistical Yearbook of Cuba, drawn up by the State Committee for Statistics, 1975 and 1979

--Department of Publicity of the Basic Industries Ministry.

8743

CSO: J010

HUMBERTO PEREZ INTERVIEWED ON ECONOMIC DEVELOPMENTS

Havana CUBA INTERNACIONAL in Spanish Dec 80 pp 35-39

[Interview with Humberto Perez, president of the Central Planning Board, by
Ciro Bianchi Ross; date and place not given]

[Text] [Question] Significant gains were made during the 1976-80 period in economic development, industrialization and the social transformation of the country. Could you point out to us the most important landmarks during this period?

[Answer] In spite of the many difficulties, constructive work has been done in our economy over the past 5 years, which has helped to consolidate our gains in education, health care and social assistance and enabled us to take firm steps along the road of gradually overcoming the structural distortions inherited from our colonial past. Here are a number of examples of the major gains over the past 5 years.

Gross investment over these 5 years is expected to be about 13 billion pesos, which is almost double the gross investment of the previous 5 years. Investments in production have been given priority attention, with particular emphasis on industry, where they have surpassed 4 billion, which is more than 2½ times what was invested in this sector during the previous 5 years. As a result of this investment effort, output capacities have been boosted in several industrial branches such as cement, textiles, electric power and sugar and major projects are under way in nickel mining and others. I must point out the great significance of the fact that for the first time in our history we have, during the past 5 years, put in operation sugar mills built with domestic technology and based on our own plans.

There has been steady output growth in several branches, such as fertilizers, steel, cement and other construction materials, textiles, radios, televisions, etc. With regard to sugar, which, as we know, is one of the main items in our economy, despite the problems that arose because of the rust on our plantations, production over the past 5 years is up almost 25 percent from what we got from 1971 to 1975.

In farming we achieved major, steady gains in the production of tubers and roots, not only as a result of expanded acreage but also from greater area unit

yields, where there has been particular progress in a number of crops, such as potatoes. In line with our plans to develop citrus fruits, their production continued to increase, exceeding 1½ million tons over the past 5 years.

As I pointed out before, parallel to these accomplishments, health care and education programs maintained their upward trend, and at this point, as Comrade Fidel pointed out last 14 June in the province of Las Tunas, we have the highest health indices in Latin America. There is just no comparison, and... if we are talking about education indices, the difference between those countries and us is also astonishing.

These accomplishments are illustrative of the superiority of our social system and of the enormous potential that the solidarity of the socialist camp, in particular the USSR, provides underdeveloped countries. Moreover, these accomplishments came about amid difficult circumstances during a 5-year period when sugar, our main export, commanded an extraordinarily low price on world markets for the first 4 years, in a world in which trade conditions in the capitalist market deteriorated day after day, faced with an ongoing blockade by the imperialist government of the United States and in the midst of strangely coinciding diseases affecting several of our main agricultural and livestock items, such as sugar cane, tobacco and hogs.

[Question] A general assessment of the successes and difficulties over the past 5 years would lead one to believe that there were more accomplishments than failures. We would like you to discuss the latter and explain their causes.

[Answer] In spite of the successes achieved these past 5 years, we have, in fact, had failures and confronted difficulties that held us back in some cases from achieving the goals we had set.

The average annual growth rate of the Gross Social Product during the period will be around five percent, whereas our goal was an average yearly rate of six percent for the 5 years. Practically all of the economy's production sectors are responsible for this result because the stipulated growth rates were not achieved in any of them.

The utilization of potential capacity in several branches of industry has remained low, which has resulted in failure to achieve the initially established levels for items such as tires, paints, nitrogen fertilizers, corrugated bars and other rolled steel shapes, among other products.

As we know, our economy is very dependent on foreign trade, and in this regard, although our ties with the other socialist countries provide advantageous conditions, there are cases in which the unfavorable trade relations that prevail on the world capitalist market impose limitations in utilizing our capacities. Only in recent months have sugar prices recovered on the world market. The rest of the time over the past 5 years, however, they stayed extremely low (dipping to 7 and 8 cents or so a pound), at levels that represent just 50 percent of estimated world sugar production costs. The 5-year plan was drawn up on the supposition that sugar would be priced at 15 cents

a pound, which in 1975 could be regarded as conservative since a pound of sugar had hit a price of more than 40 cents.

While this price situation prevailed for our main export, the prices of the raw materials, equipment and other accessories that we have to import from capitalist markets have risen steadily. A few examples will tell the story: we have to pay more than 40 percent more than we did 4 or 5 years ago on the world capitalist market for natural rubber, which is a basic raw material for the production of tires. Gray and red oxide of lead, which are raw materials for paint production, currently command prices that are 56 to 67 percent higher, and in the case of spare parts, price increases have been three- and fourfold, sometimes more.

It has been impossible to achieve our gross fish catch goals for the 5-year period. Along with other adverse factors, the restrictions imposed in catch areas have had an impact.

Over the last 2 or 3 years outbreaks of plagues and diseases have prevented us from achieving production goals for tobacco, which has been hit by the blue mold, and supplies of cane for sugar production have fallen as per area yields have dropped sharply because of rust attacks on the country's main variety of cane.

Along with these difficulties, I must also point to the inefficiencies that in general still exist in our economy and that we can consider as part of the reason for our failures. In combat these shortcomings and inadequacies of our economic organization and efforts, we are waging a persevering and systematic struggle based on the resolutions of the First Party Congress and the guidelines and instructions that we are constantly receiving in this regard from the high-level bodies of the party and of the government and from Comrade Fidel personally.

[Question] During the 5-year period now drawing to a close, the Gross Social Product and labor productivity have increased, while industrial output grew by four percent a year. What concrete benefits has this brought for our citizens?

[Answer] With regard to the production of consumer goods, I would emphasize the significant progress we have made in the manufacture of radios and televisions, which doubled and sextupled, respectively, the output levels of the previous 5-year period over the first 4 years of the current 5-year period. In addition, the supply of refrigerators, washing machines and fans is more than double what it was over the previous 5 years. This along with a significant increase in the supply of kitchen ranges, means that a great many more people now own these items.

We have made gains in the production of several basic foodstuffs. Rice production is up, mainly because of higher yields. The production of tubers and vegetables will be up about 50 percent from 1975. There has been a striking increase in egg production, and the availability of poultry and pork is also greater.

With regard to the investments that have a direct impact on the public's living conditions, I can point out that the construction of schools, mainly to meet intermediate education demands, expanded significantly over these 5 years. By the close of the 5-year period we will have made room for 400,000 new students at this level of schooling.

Furthermore, the specialized state enterprises built about 80,000 new housing units, thus enhancing the living conditions of more than 350,000 persons, mainly in farming and industrial zones. We must admit, however, that this is one of our people's needs that is being least satisfied.

The people's material and cultural level has continued to rise gradually. Per capita income, pensions and benefits, as well as the advantages and services charged to social funds, have increased, which taken together have brought about a rise in the public's social and personal consumption.

Retail trade in 1980 was up more than 20 percent from its 1975 level, though structural shortcomings still exist.

The public's general level of schooling has continued to rise at a rapid pace. School enrollment has expanded to more than 3.3 million students, which means that one of every three Cubans is engaged in studies.

Our public health gains are reflected in the drop in the infant mortality rate from 27.3 per 1,000 live births in 1975 to 19.3 in 1979, as well as in a current life expectancy at birth of 70.4 years.

These are some of the concrete benefits accruing to the people from the economic growth over the past 5 years.

[Question] Fundamental steps were taken between 1976 and 1980 in implementing the Economic Management and Planning System. What is the status of its implementation at present? What is the importance of this system?

[Answer] The tasks for implementing the Economic Management and Planning System are contained in the resolution and timetable passed by the First Party Congress. In taking a look at how it has been implemented, I must say that the tasks set forth in those documents have been accomplished virtually 100 percent.

I should also point out that around 95 percent of the enterprises (the basis for the entire system of economic relations) are now operating under the principles of economic accountability, and several positive effects are beginning to show up from the application of the system.

Although, logically, we cannot yet gage the qualitative results of the system in achieving efficient economic management, we can assert that results are starting to show up, such as greater concern about costs, about not having unnecessary products in stock, about getting contracts signed for products that are in real demand, about boosting productivity, etc. In other words, we are developing a more consistent economic awareness among leadership personnel and, in general, among all workers.

For these reasons I can assure you that the objectives set forth by the First Congress in connection with the implementation of the Economic Management and Planning System have been achieved over the past 5 years.

The system is extraordinarily important for our country's economy, inasmuch as its goal is a more efficient utilization of national resources for economic development and, consequently, a higher living standard for our citizens.

As a small country with few natural resources, Cuba has to wage a painstaking battle to emerge from the economic underdevelopment that it inherited from capitalism. The correct application of the system should help us achieve that objective more easily. Therefore, as Comrade Fidel said recently, implementing the system, developing it and perfecting it is everyone's revolutionary duty, a lofty revolutionary duty, a lofty political duty.

[Question] What will be the main aim of economic development plans over the next 5 years? What is the outlook for the Cuban economy for 1981 to 1985?

[Answer] The main aim of our economic development plans is to reach the goals set forth in the guidelines drawn up for the 1981-85 5-year period.

The following are some of our main objectives:

--To increase the growth rate of exports by boosting traditional exports and placing particular emphasis on developing new exports.

--To develop industry on a priority basis so that by 1985 it accounts for about half of the Gross Social Product.

--To bring about a greater integration of the national economy. In this regard, we must produce as many items as we can to replace imports.

--To see to it that productivity growth rates outstrip average wage increases to a greater extent than over the past 5 years.

--To bring about a systematic improvement in efficiency, by cutting costs and boosting profits and profit margins.

--To make use of all of the potential and reserves of the farm sector to assure adequate supplies for the public and for industry.

--To raise the living standard of the people over the next 5 years, preferably through individual consumption.

Among the branches of industry that have to show more rapid growth, I would point especially to ferrous metals, basically in terms of the production of ordinary steel, steel billet and finished steel products. We must also have more rapid growth from nonferrous metals in the production of nickel for export; from machinery manufacturers as producers of machinery, equipment and

tools to guarantee that domestic demand is met and to generate new export surpluses; and from the electrical engineering sphere, with the production of consumer durables, wires, cables and computing devices.

We are also aiming at significant increases in the production of furniture, glass and ceramics, textiles and ready-made garments, which will provide the people with many more consumer goods, and at boosting the output of tires, inner tubes and rubber items.

The construction sector will aim in particular at building houses and industrial projects. In addition, it will have to boost efficiency, cut planning, construction and assembly time and, in general, raise the quality of its work.

The basic objectives of the agricultural and livestock sector are to guarantee the people's food consumption levels, to boost the output of export items or items that are raw materials for producing them, and to encourage a greater utilization of the industrial facilities that depend on agricultural raw materials, with a view towards greater agroindustrial integration.

In addition to the development of production sectors, efforts will continue towards maintaining and boosting the levels we have achieved in education, enhancing its quality, seeing to it that teachers and instructors are better trained and improving material and organizational conditions.

Our public health accomplishments must be maintained and furthered, and the quality of institutional medical care must be enhanced.

As far as our territorial economic structure is concerned, we must bolster the role of the provinces that lag behind in industrial production and employment and strive for a sensible provincial specialization of farm output, for urban development consistent with economic and social development and for an expansion of public services, especially in the provinces with the lowest levels, in order to balance them out.

A reasonable rise in the people's standard of living is one of the most important objectives for the next 5 years, though the emphasis will be on development, in other words, the creation of conditions to assure future consumption.

We expect to boost food consumption, mainly on the basis of domestic agricultural and livestock production. The people's diet will improve because of a greater availability of dairy products, eggs, tubers and fruits. There will also be some improvement in the supply of meat, basically poultry and pork.

Other goals are to further increase the availability of consumer durables and to build more housing units.

We also expect steady growth in the number of children at day care centers and the number of half-day boarding students, as well as more movies, theaters and sports facilities. As far as public health is concerned, the number of beds per inhabitant will increase, as will the capacity at old-age homes and homes for invalids.

The plan for the next 5 years is being drawn up on realistic bases and takes into account both internal difficulties and the ones stemming from the international economic situation that is currently battering the underdeveloped countries so harshly. Nevertheless, due to our status as a socialist country, the Cuban economy is growing and developing, major branches of production are being consolidated, our economy is integrating to a greater extent, the already high levels of social services for the people are being maintained, major wage boosts are going through, and the material and cultural level of the population is being raised in almost every category. The next 5 years will be another period of gains for our economy.

8743

CSO: 3010

SOLDIERS URGED TO TURN ON JUNTA

PA100131 (Clandestine) Radio Liberation in Spanish to El Salvador 1200 GMT
9 Jan 81

[Notes and Commentaries section: "Appeal to the Salvadoran Army"]

[Text] This section is addressed to the Salvadoran army, particularly to the troops, noncommissioned officers and the officers who consider themselves to be honest, patriotic and not responsible for the slaughters that the Military-Christian Democratic Junta and its criminal bands are carrying out against our people.

As the whole world knows and the men in uniform are well aware of, more than 10,000 patriots were the victims last year of the fascist sectors which have taken over the Salvadoran government. The top commanders of the army, once again mocking the honest officers, continue to massacre our people in order to serve the interests and the thirst for blood of the oligarchy and Yankee imperialism, which will not accept the fact that we Salvadorans have the right to be free and to live in peace and democracy, so that we can proudly say: This is our beautiful fatherland, beautiful like its best sons have always wanted it.

In its latest declaration, the Farabundo Marti National Liberation Front, FMLN, issued a broad appeal to all sectors and social groups to contribute with patriotic actions to the strengthening of our people's struggle to overthrow the Military-Christian Democratic Junta backed by Yankee imperialism and to definitely eliminate the group of corrupt and murderous high-ranking chiefs.

On this occasion, taking the FMLN declaration as a basis, we reiterate this call to all the honest enlisted men, noncommissioned officers and officers, who are not involved in the crimes of the dictatorship, to join our people in this honorable and historic task of liberating the Salvadoran fatherland from the oppressive yoke, from torture and from the horrible daily slaughter of dozens of youths, women and children. They are the victims of the repression and violence which the pro-imperialist dictatorship has brought to our heroic people, whose bravery and courage is known by all patriots.

In order to confirm the FMLN's broad appeal to the army, we cite the fifth point of the platform which the Democratic Revolutionary Government [LRG] will implement. It states: The DRG will create a new type of army made up of the people's revolutionary army and those groups of honest and patriotic individuals who are

members of the troops, noncommissioned officers and officers of the current army. The honest men and officers of the army must energetically use their weapons against the executioners of the people. They must use them without hesitation against fascists Jose Guillermo Garcia, Jaime Abdul Gutierrez, Nicolas Carranza, Alfredo Alvarenga, Roberto d'Aubuisson, Julio Gonzalez Ubillaga and all those who form part of the bands of assassins entrenched in the repressive forces as well as the special groups and against so many other criminals who are well known by us and the members of the army.

The Salvadoran people in arms calls on uniformed men who are not responsible for massacres to join the movement for the reestablishment of democracy in El Salvador by acting within the army with fortitude and patriotism to serve their people.

We take this opportunity to ask fathers, brothers, children, wives and all the relatives of soldiers and officers of the army to point out to military men that they are being used as tools of repression and death against their own brothers and that the ones using them are the large landowners and the other oligarchs. They must see that their leaders receive juicy payments for murdering people who want to be free and lead a dignified life.

Officers and members of the army: Use your weapons against the corrupt and murderous leaders, don't shoot at your own brothers, the peasants and workers of El Salvador. Join the people to put an end to the dictatorship and the fascists because then there will be peace, democracy and liberty in our fatherland.

CSO: 3010

'FMLN' RADIO CALLS FOR ANNIHILATION OF ENEMIES

PA171612 (Clandestine) Radio Liberation in Spanish to El Salvador 1200 GMT
17 Jan 81

[Commentary]

[Text] Only by defeating the genocidal junta will our people be able to live in peace.

The Salvadoran people are at war against the political, economic and military power that is oppressing them, keeping them emerged in pauperism and murdering them. Our people did not whimsically choose the warpath. It was their staunch enemies who, seeking to keep them enslaved eternally, forced them to seek other means of struggle to allow them to survive genocide.

We Salvadorans tried again and again all peaceful means that would allow us to exercise democracy and strengthen the liberties to which we are entitled as a people. Yet, the rigid economic, political and military machinery of El Salvador, allied and subjected to the dictates of Yankee imperialism, blindly prevented this. To the hopes for freedom of our people, they invariably responded with all the cruelty that (?reveals) their unpopular essence.

We Salvadorans could not allow ourselves to be annihilated as a people, and we responded to the reactionary war imposed on us by the enemy with the liberating revolutionary war as the only option for survival, independence and freedom. The genocidal dictatorship led us into this situation and we will not backtrack in our determination to fight until it is overthrown.

Our people have every right to defend themselves and annihilate their executioners. The die is cast, and if we are now waging war against the enemy, it is because our people need to be free, ensure peace and attain happiness. This will only be possible after the people overthrow their avowed enemies, bearers of repressive and antiproletarian violence which inexorably leads to a confrontation between the people and their oppressors. No one more than us would like to see our people enjoy an atmosphere of peace that would promote the broadest projections of freedom. We will no doubt attain it. However, we repeat that to achieve this goal it is necessary to end the dictatorship and the socioeconomic base originating it.

All patriotic Salvadorans must have this clearly in mind. The goal of peace and its future projections will be achieved by our people only after they defeat their murderers.

The representatives of this same regime that imposed war on our people, are now making demagogic appeals for peace. It is only logical for such lamentations not to find a response, because the peace to which they refer is nothing but an alleged pacification of the country to allow them to consolidate their regime of terror and blood. [words indistinct] Which our people will never be able accept. They are: 1. To kneel before their executioners and put down the arms with which they are now fighting for final liberation. 2. To allow themselves to be defeated and annihilated by their executioners.

Our heroic people are not prepared to bow to any of these conditions. Peace will come to our soil, but it will be a peace conquered with dignity, honor and heroism. That is why it will be a dignified, fruitful and lasting peace. This peace must be achieved by all Salvadorans. The more resolutely we join the struggle to overthrow the genocidal dictatorship, the sooner will all of us Salvadorans enjoy peace.

Long live the struggle for liberation of our people that will promote peace and happiness.

CSO: 3010

CIVILIANS WARNED TO PREPARE FOR CONFLICT

PA100241 San Salvador EL INDEPENDIENTE in Spanish 8 Jan 81 p 5

[Paid ad published by "Leftwing Group"]

[Text] The military operations of the Salvadoran people, which will end only when we have overthrown the genocidal military junta, forces the residents of towns and districts to take some safety precautions. Let us recall that the Christian-Democrat Military Junta is defending the interests of the oligarchy and imperialism and is therefore the enemy of the people.

Let us therefore follow these recommendations to the letter:

1. How to defend your house and family: Remember that the military junta, the sworn enemy of the people, will not hesitate to bomb towns and districts and it has already subjected entire sectors to the merciless gunfire of helicopters and armored personnel carriers. The junta does this for two reasons, because it wants to defeat the people's forces and because, in order to maintain its combat morale, it needs to have heaps of bodies on which place "subversive" tags. You and your family may wind up in these heaps of bodies if you do not heed the following recommendations.

A. Get a pick and a shovel. This will be very useful if the bourgeoisie army cuts the water supply and power in a certain zone, the shovel will serve to bury garbage and feces. The pick can be used for the same purpose but they will also serve to open holes in the walls and yards through which you can communicate with your neighbors. Do not forget that neighbors must organize to defend their district, homes and families.

B. Dig ditches in your yards. In case the bourgeoisie army launches attacks in your district, these ditches are ideal to protect yourselves and your families from bombs and shells. These ditches can be built in such a manner that they connect with neighboring houses. In this manner you and your family can move through your district without being hit by stray bullets or shells.

C. Obtain a watchman's whistle and when you see that the bourgeoisie army is about to enter your district alert your neighbors. You may even have agreed signals. One whistle means caution, two means danger and so on.

D. Find bomb shelters in your region, preferably solidly built houses with cellars.

Cellars are the best protection for you and your family in case of bombs.

Neighbors should find one or more houses of this type and seek shelter in them when danger approaches.

E. In order to seek shelter from helicoptergunships, the best thing is to find a house with a "plafond" concrete roof and stay in a corner of it. In this case a cellar is the best protection. In open places bury sharpened bamboo stakes, some 3 meters long and separated a meter at the most from each other. This prevents the landing of helicopters in your district.

F. Never open your doors to the bourgeoisie army or repressive forces. In case of battle, if they insist, say you are doing so out of fear. It will be very tiring for them to kick down every door.

G. Never go out into the streets imprudently, unless the guerrilla forces (which defend and protect the people) ask you to. On many occasions your help will be needed to dig ditches in the streets, build barricades or to take care of children and old persons.

H. Always have abundant water and food in your house because fighting may last several days.

/At any rate, remember to always follow closely the directions of the patriotic guerrilla forces. This is the best way to protect yourself and your family./
[Slantlines denote boldface as published]

CSO: 3010

FINAL OFFENSIVE HAS MASS SUPPORT

PA121600 (Clandestine) Radio Liberation in Spanish to El Salvador 1200 GMT
12 Jan 81

[Station Commentary]

[Text] The general offensive order was obeyed immediately by all the guerrilla and militia forces of the Farabundo Marti for National Liberation. The first blows inflicted on the genocidal army of the junta have been overwhelming as the Salvadoran has started their advance to power.

The courage and determination of the people at the start of the insurrection has taken U.S. imperialism by surprise. Therefore the various counterrevolutionary groups have not been able to agree on the way to stop the revolutionary advance and prevent the people's victory.

In view of the crippled condition of the enemy forces following the people's initial offensive, the problem posed to the imperialists is how to help the junta meet a situation that has produced battlefronts and given examples of heroism and courage throughout the entire country. This situation has prompted the meeting in Washington of those responsible for the U.S. foreign policy to prepare a hasty military reinforcement for the junta's genocidal army.

Aware of the popular might and the unavoidable victory of the revolution, imperialism knows that the worst thing for its interests is a popular victory in El Salvador, which would further weaken its domination in Central America. That is why the spokesman of the warmongers around President-elect Reagan, General Haig, noted that there are worse things than war, including the disaster of a nuclear war with which he has threatened to exterminate the aspirations of freedom of the smallest Latin American nation.

To the Salvadoran people, the only thing worse than the war is the cruel dictatorship which imperialism has supported in our territory for half a century. That is why the people have decided with courage to declare war on it and sweep it off our national territory once and for all, without fear of having to face the forces which imperialism may unleash against them.

That is why the unlimited military aid which imperialism may offer the junta is not surprising. We are not frightened by the absurd threats of General Haig. The planned aid to the genocidal junta will in no way help the U.S. government. It is already too late. The entire population is up in arms ready to erase from its history all vestige of domination and exploitation, determined to establish a future of freedom, justice and progress.

'UNGO PREDICTED TO CHOSE 'MODERATE LINE' FOR 'FDR'

PA110325 San Salvador Radio Cadena YSKL in Spanish 1325 GMT 10 Jan 81

[Commentary by Salvadoran Broadcasters Association]

[Text] One of the political novelties of the new year which were offered by the subversive organizations, coordinated under the Democratic Revolutionary Front, FDR, is the appointment of Dr Guillermo Manuel Ungo to replace slain leader Enrique Alvarez Cordoba as president of the organization.

This appointment of Doctor Ungo is important, considering his position as a prestigious intellectual, a distinguished lawyer and an outstanding figure in the international social democratic sector. It is evident then, that Doctor Ungo is well aware of the responsibility he has assumed, and he must have believed that he would not risk his prestige on a lost cause, yet the FDR's revolution has been a lost cause for some time.

Being an intelligent man, we believe the new FDR president will choose a moderate line rather than a hard one in his efforts to find an honest and decent way out of the present situation. The subversive sector has had enough time to demonstrate its effectiveness through its activities in the rural as well as the urban areas. However, such effectiveness has not been demonstrated. Every movement or confrontation organized by the FDR has only met with failure. So far, there are no statistical figures as to the cost of human life in these confrontations, because they are immediately buried. It can be said, nevertheless, that the casualties of the subversive sector are much more than those of the armed forces.

This is to be expected, because regardless of the training these groups receive an irregular force can never compare with a regular army that is well fed, well clothed, well armed, and above all, well disciplined. The fighting then cannot be even.

The only objective of the subversive sector is to maintain a dynamic international propaganda program, directed and financed by specially trained groups to satisfy the needs of the media to keep its readers and listeners interested. That is why we have a large number of European, North American and even Soviet correspondents here.

Through this campaign of aggressive propaganda, people with no political, social, economic or religious representation have been criminally sacrificed. Repeated attacks have taken place against private and public property, such as the destruction of buildings and business establishments. Attempts have been made, without positive results, to frighten the people in general by making written or verbal threats, or merely by circulating rumors.

This systematic terror campaign has failed to yield the expected results. This has been demonstrated by the massive attendance in the stadiums to watch the soccer games and to hear protestant religious messages. The Christmas and New Year festivities were encouraged by the business sector and the people went out on the streets normally, as in the past.

Doctor Ungo is most certainly aware of all this, and he must be studying all these factors to adopt the necessary measures. In addition, Doctor Ungo has been a personal friend of President Jose Napoleon Duarte, and this could be a positive factor for making possible an intelligent and honest decision that will bring peace to the republic.

It is high time to put a stop to this horrible suicidal process and to establish a new relationship with a clean state. It is the only honest and intelligent way out which is left to subversive sector.

CSO: 3010

'FMLN RADIO' URGES PEOPLE TO JOIN STRIKE

PA142101 (Clandestine) Radio Liberation in Spanish to El Salvador 1200 GMT 14 Jan 81

[Editorial]

[Excerpt] The Salvadoran masses have joined the strike which began on 11 January, enthusiastically heeding the call to the general strike issued by the Revolutionary Democratic Front. They are aware that their strike actions form part of the popular insurrection which, along with the armed actions of the fighters of the Farabundo Marti National Liberation Front, the rebellion and desertion of army soldiers and officers and the participation of the people in various actions, will overthrow the genocidal dictatorship.

The resolute action of the masses [words indistinct] of the general strike is extremely important for the insurrection of all the Salvadoran people. Evidence of this are the harsh blows already being dealt the Salvadoran economy of the genocidal junta whose demagogic reformist plans have only sped up the destruction of the economy and promoted a general process of unemployment, anxiety and misery never before seen in our country.

It is well known that the assassin junta remains in power with the aid of Yankee imperialism [words indistinct] its downfall will be immediate. Imperialism has not stopped giving aid to the junta but despite this, the junta has been unable to stabilize the economy which is the basis for the system which exploits our people. That is why we must strike even harsher blows. The working masses and the great majority of the people are now entering history with their powerful strike actions which cannot be [words indistinct]. This is necessary to contribute to the overthrow of the Military-Christian Democratic Junta. It is directly responsible for the assassination of thousands of rural and urban workers who have produced the wealth of the millionaires who have not had to work for it.

The general strike has already spread to various areas of the country. The attacks on military targets by our fighters have intensified. The people are participating in the occupations of towns and they have begun to organize the people's power.

The political-diplomatic offensive abroad has begun. The peoples of the world, particularly those of Latin America, have gone to the streets to express support of our struggle. Governments, legislators and political figures are voicing support of the Salvadoran struggle and are demanding nonintervention in our domestic affairs.

With their liberation actions, the Salvadoran people have created the conditions for achieving victory and ending with the dictatorship that has imposed a regime of general violence that has already claimed the lives of thousands of the best sons of this heroic country.

That is why comrades we must all promote the general strike in a vigorous and determined manner. We must bear in mind that with this powerful weapon of political and economic struggle, our people will break the backbone of the system which [words indistinct] that daily kills hundreds of Salvadorans.

CSO: 3010

REPORT ON STRIKE, FOREIGN GUERRILLA LANDING REPORTED

PA142316 Managua Radio Mundial in Spanish 1730 GMT 14 Jan 81

[Excerpt] It has been reported that guerrillas have not called a strike in El Salvador. There was also a confrontation between internationalist fighters and Salvadoran army members. Some 200 internationalist fighters have arrived in El Salvador and they had a fierce clash with army members. Casualties have been reported on both sides. It has been reported that most businesses are terrified and have closed their doors. Here is a report from El Salvador.

[Begin presumed recording] We have received several reports in the last few hours from correspondent (Chuck Curtis). The first reports on the general strike called for yesterday say that it was a near total failure because in San Salvador, for instance, only 1 percent of the 200 main factories and industrial plants stopped working. Many of them opened up again later in the day and continued to function normally. The same thing happened in almost all offices and businesses--they operated normally--although many did so with closed windows and showcases for fear of unrest and violence. But no (such thing occurred).

The public transportation service in the capital and in the suburban areas picked up in the early morning until it went back to normal. However, many buses had broken windows and bullet holes from previous leftist attacks directed at stopping traffic. Our correspondent also reported that in some factories, such as one in Soyapango where our correspondent interviewed executives and workers, workers had gone to work as usual. The factory manager said that total turnout at work in his opinion does not mean full support for the government which wanted the strike to be repudiated but the workers' desire to do their job without trouble.

As far as the guerrilla activities are concerned, the so-called final offensive by the leftwing opposition gradually tapered off during the day. The guerrillas staged lightning attacks in several parts of the country and immediately fled. As a result, according to reports in the Salvadoran press, about 500 people have been killed since the offensive started on Saturday. Although the rebels apparently had not achieved a definitive victory over the military forces, some people in San Salvador voiced fear that the leftists might still show their power by moving the guerrilla column--they apparently have in the mountainous areas. The sources said the lightning attacks were simply a preparation for the beginning of the movement of the guerrilla units.

Last night, diplomatic sources and Salvadoran officials, who wanted to remain anonymous, said that about 100 guerrillas of an unidentified nationality landed in Eastern San Miguel Department and that they engaged in a clash with the government troops. A high-ranking Salvadoran source hinted that they are foreign invaders.

'ANN' REPORTS ON 'FMLN' ADVANCES

PA141911 Managua Radio Sandino in Spanish 1200 GMT 14 Jan 81

[Text] Here is a general report by the new Nicaragua News Agency [ANN] on the cities controlled by the Farabundo Marti National Liberation Front [FMLN] and the areas in which battles are being waged for liberation.

Morazan Department in the East: San Francisco Gotera, capital of the department, where FMLN forces are fighting with the army. The FMLN controls the towns of Arambala, (Neanguera), Perquin, Villa del Rosario, Torola, San Fernando, Joateca, Jocoaitique and (Capopera).

San Vicente Department in the East: The FMLN controls Apastepeque, San Esteban Catalina, San Lorenzo, Santa Clara, Departmental Capital San Vicente, Tecoluca. The guerrillas are surrounding Amatitan, El Guayabo and San Lorenzo.

Chalatenango Department in the North: Part of Chalatenango, the department capital, is in FMLN hands while another part is controlled by the army. Fierce fighting and FMLN control is reported in Las Vueltas and San Fernando. Fighting is reported in El Paraiso, where control is divided between the FMLN and the army.

Santa Ana Department in the West: In Santa Ana, the department capital, battles are being waged and control is divided between the FMLN and the army. Fighting is reported in (Salchuapa) and Coatepeque.

Sonsonate Department in the West: In Sonsonate, battles are being waged in Armenia, San Julian, Juayua and Acajulta. The FMLN is present with battles and skirmishes being reported.

Ahuachapan, also in the West: Fighting is reported in Atiquizaya, where revolutionary forces have surrounded the town. In (Bola de Montes), fighting is reported in Metalia, Cara Sucia, Garita, Palmera Cantons and in peasant cantons.

La Union Department in the East: Fighting is going on in La Union, the department capital. The FMLN controls Nueva Esperanza, (Enamoros), Intipuca, Lialique, Concepcion, Yuloras and Concepcion de Oriente.

San Miguel in the East: San Miguel, the Department capital reports FMLN attacks. The towns of Guaymas and Jutiapa have reported fighting.

Chiriqui Department in the Northwest: Amambay reports fierce battles.

La Paz Department in the Southwest: Fighting in La Paz, the department capital.

Orizaba, in the Southwest: Fighting is reported in the (Fuente de Oro) on the coastal highway; San Agustín is surrounded by the FMLN.

Coahuila in the North: (Guadalupe) is controlled by the FMLN.

San Salvador Department in the center: Control by the FMLN has been reported in Nejapa, Cuscatlaningo, Ciudad delgado, Soyapango, San Marcos, Santa Tomas, Amopi. Fighting is in progress in Aguilar and El Paisnal, Ayutepaque and in districts of the capital. Santa Ana, Colonia Amatepeque, Santa Lucia, Miravalle and Sacamilla, which is under FMLN control.

(END) 1111

LEFTISTS' HIRING OF SOLDIERS OF FORTUNE TERMED ERROR

PA162314 San Salvador Domestic Service in Spanish 1550 GMT 16 Jan 81

[Editorial]

[Excerpts] The hiring of soldiers of fortune to support the subversive groups in their actions against the Salvadoran people has been the worst tactical error made by these groups after their unsuccessful attempt to forcibly take over two national security posts.

The landing of armed mercenaries at El Cuco Beach in the eastern part of the country which was designed to sow terror on Salvadoran coasts and which has been thwarted has united the Salvadoran people even more with the revolutionary government and the armed forces in their struggle to crush all attempts at foreign intervention in the national affairs that are the sole purview of Salvadorans.

In the face of the overwhelming failure of the leftist armed groups and their inability to infiltrate Salvadoran territory, the champions of lies entrenched in Radio Liberation seek to undermine the people's civic spirit by broadcasting news of an imaginary general strike which, according to them, has paralyzed productive activities throughout the country.

They seem to be unaware that there are newsmen from all over the world in El Salvador and that these newsmen can see things right where they're happening and not from luxurious hotels abroad, that all workers are carrying out their duties in solid support of the revolutionary government, which has asked the people to contribute to peace by going to work.

But Radio Liberation is only one voice of the chain of radio stations that are at the service of international communism. It is made up of Radio Havana, Radio Sandino, Radio Noticias del Continente and others which operate in this hemisphere as the spearheads of Marxism-Leninism from outside of the continent and which continue to underestimate the Salvadoran people's ability to interpret the scope of the revolutionary process that is underway in our country for the benefit of the great majority of the people, who were formerly deprived of the social rights that should be common to mankind.

HAVANA REPORTS ON LATEST SALVADORAN EVENTS

PA170204 Havana International Service in Spanish 0000 GMT 17 Jan 81

[Text] Salvadoran army forces have raided the Jesuits' residence in the Catholic University and have mistreated two priests. Meanwhile, the air force of the genocidal regime has bombed areas close to the San Vicente volcano.

According to reports from the capital of El Salvador, the repressive forces have abused a former rector and the dean of the School of Economics of the Catholic University and inspected personal notes and several samples of a recently published book: "The Voice of Those Who Have No Voice," the living word of Monsignor Romero.

According to the reports, there are no details on the bombing of the San Vicente volcano area. The Military-Christian Democratic regime apparently is bombing it to break the new revolutionary offensive being prepared throughout El Salvador.

According to other reports, the fighting continues in several parts of the country, especially in San Francisco Gotera, a department capital, and in San Miguel department, where an important bridge was blown up.

Meanwhile, the human rights commission has denounced in San Salvador that its telephones have been bugged. The independent union of journalists has made the Salvadoran regime responsible for the fate of the 10 persons who were arrested on Thursday in the office of the Independiente News Agency [Agencia Periodistica Independiente]. The agency's director Vida Cuadra, was one of the arrested persons.

A group of priests has charged that the centers of refuge opened for the peasants by the Salvadoran church, have been raided and searched, and that the repressive forces have turned the church of Soyapango into their headquarters. Soyapango is a town on the outskirts of San Salvador.

It has also been reported that police agents and soldiers of the Salvadoran regime, in an effort to prevent massive support for the national strike, are occupying the offices of many financial institutions where employees are forced to be at their posts.

Other repressive agents of the regime have raided the Salvadoran Workers National Union Federation and arrested a secretary.

Meanwhile, the Salvadoran ambassador to Nicaragua, Roberto Castellanos Figueroa, has announced during a news conference that he has resigned from that post because, he said, he is sick of the genocidal Salvadoran regime. I am not a rat abandoning a sinking ship, he said. I just cannot continue on a ship under the command of rats, Castellanos stated.

Castellanos urged the other Salvadoran diplomatic officials to follow his example and to place themselves at the service of the Salvadoran people.

CSO: 3010

USE OF NEWS MEDIA CITED AS 'INTERVENTION'

PA161640 San Salvador Domestic Service in Spanish 0203 GMT 16 Jan 81

[Station Commentary]

[Excerpts] The Salvadoran people and their government call to all the peoples and governments of the world.

We invite you to come here and find out the truth. We want everybody to come here and see the truth. We want union leaders, representatives of news agencies, religious, peasant, civic, political and government leaders to come and see for themselves true, revolutionary agrarian reform. Come and see how towns which are constantly reported to be under rebel control are enjoying peace and are working. Come and see the revolution which Cuba and Nicaragua want to destroy because of the historical fact that it is not a Marxist revolution and because we are more efficient, more peaceful and more revolutionary than they are.

What do they expect to gain? They want the world to believe that there is civil war in El Salvador. They want to be internationally recognized as a belligerent faction. They want to make believe that a portion of the nation's territory is in their hands in order that some government committed to them will grant them diplomatic recognition and use this recognition to obtain international assistance. They seek a blockade of El Salvador and pressure from governments and international bodies to destroy our revolution.

There is no civil war. What we have here are armed groups defined as Marxists which do not represent even one percent of the population. They have all sorts of war material from abroad, with which they constantly harass towns and small army garrisons. They rarely engage in real combat and have never won even a small battle. Their strategy is to hit and run.

During the past few days, in what has been internationally described as the final offensive, they have attacked some 15 small garrisons and 2 or 3 bigger ones. However, only two cases actually involved real battles. In those two cases, they seized unprotected civilian buildings and fled when the armed forces arrived. In some instances they were persecuted by government troops and that is why there have been some deaths and injuries, most of which have been suffered by the rebels. This does not constitute civil war. However, hours afterwards, some slanted or irresponsible news media continued to talk of seized towns.

They do not have any popular support either. Before the reforms, the country became paralyzed any time the opposition called a strike. Last year they made several attempts to stage strikes, but failed.

They have just called for a general strike but it has not lasted for more than 2 hours in any of the few businesses that tried to stage one, despite the threats to the workers who reported for work. No one gives them any credence because of their dogmatism and their clear public announcements that they seek power through arms and not through the popular vote. These groups are not pluralist in their stance. They are Marxist counterrevolutionary groups eager for power.

We Salvadoran revolutionaries firmly believe in nonintervention. We do not agree to have the United States decide how we should achieve our revolution. However, we demand that neither Cuba nor Nicaragua nor any other country intervene to destroy the government and impose its own. Using radio stations, newspapers and other media of any other country to set up a farce at the service of Salvadoran counterrevolutionaries constitutes intervention, allowing officers to be installed in the territory or any other country to publicly work against the Salvadoran revolution is intervention. Allowing the Marxist counterrevolutionaries to use any country to make public appeals to insurgency is intervention, making appeals for foreigners to join the guerrillas constitutes intervention. Granting recognition to counterrevolutionary groups is intervention.

We call on the governments and peoples of the world. We are a small and poor country which has never been respected. We have historically been victims of imperialist exploitation and toys of world interests. Today we want to be free. We decided to wage our social revolution without consulting the big powers as to how we should proceed. We demand that the world community, the peoples and governments of the world respect our right to do so. We demand respect from the small and big nations of the world and understanding from their peoples. We ask that, after recognizing that we are right, these peoples demand that their governments allow us to move forward with our revolution, which is not Marxist and [words indistinct] foreign label, our own people's revolution.

In conclusion, we want to warn the world that the groups vying for world hegemony, the powers that are constantly dividing the small and poor countries of the world into areas of influence, are looking for new methods of domination. This time, it is El Salvador's turn to become an experimental field in which the communist bloc is trying to overthrow a government with false news and deceive world public opinion. This is an attempt to overthrow the revolution by setting up a farce with distorted international news. An attempt is being made to replace armed intervention, as was the case in Afghanistan, with a new weapon: misinformation.

If the world allows an international hegemonic group, the communist bloc, to intervene in a weak and poor country through misinformation. It will be setting the nefarious precedent of allowing the big powers to turn communication among peoples, which was conceived to bring them together through friendship, into a deadly means of aggression, domination, intervention and imperialism.

CUBA-PANAMA COMMUNIQUE SCORED

PA180002 San Salvador Domestic Network in Spanish 1320 GMT 17 Jan 81

[Text] According to international cables from Panama, the Cuban and Panamanian foreign ministers, Isidoro Malmierca and Carlos Ozores, respectively, signed a joint declaration in which they express their support for Nicaragua and condemn human rights violations in our country. According to these cables, both Malmierca and Ozores claim that human rights are being constantly and systematically violated in El Salvador. They also demand that the Salvadoran people be given the right to decide their own fate without foreign intervention.

What these gentlemen request is truly ironic. They try to ignore the fact that human rights are not respected in Cuba, that there is no ideological pluralism, freedom of the press or freedom to transit within or outside Cuba. Also their statements try to conceal Cuban, Russian and Nicaraguan intervention in the Salvadoran problems, when they train, arm and promote armed invasions into Salvadoran territory publicly announced by radio stations in Cuba, Nicaragua and Russia. These stations not only announce invasions into Salvadoran territory but also request the participation of Salvadoran workers, government officials and troops in the great final offensive, which is supposed to eliminate the Salvadoran government revolutionary government within 24 hours.

For the foreign ministers of Cuba and Panama, foreign intervention means the U.S. announcement that it will give financial and technical aid to the Salvadoran government junta. However, arming, training and promoting invasions of our country by foreigners is not intervention.

May the people judge for themselves.

CSO: 3010

COMMUNIST DIPLOMATIC OFFENSIVE CRITICIZED

PA180452 San Salvador Domestic Service in Spanish 1332 GMT 17 Jan 81

[Text] The absolute failure of the military offensive which was proclaimed 8 days ago by the Farabundo Marti National Liberation Front (FMLN) and the frustrated call to a general strike in El Salvador has created serious problems for the international leaders of the terrorist actions which this country has suffered.

The communists, in order to throw a smokescreen over the plans of Soviet imperialism which are being led from Havana, chose to begin the famous great international diplomatic offensive in Mexico City on 12 January. In order to organize this desperate maneuver, the Revolutionary Democratic Front (FDR) assigned communists Fabio Castillo Figueroa, Guillermo Manuel Ungo, Maria Avinada Carranza, Ruben Zamora Rivas, Jose Napoleon Rodriguez and terrorists who are responsible for hundreds of murders, Salvador Samayoa and Ana Guadalupe Martinez.

The presence of these persons, belonging to the most desperate Salvadoran terrorist groups, immediately aroused serious doubts and fears of the international level, because diplomatic and official circles of the free peoples of the world wonder how it can be that terrorists, intellectual and material authors of hundreds of murders which have been committed against defenseless and innocent Salvadoran citizens, try to appear in Mexico and other places now as innocent lambs, in a maneuver which they have called the great international diplomatic offensive.

Moreover, Cuban Foreign Relations Minister Isidoro Malmierca, a prominent member of the Cuban Communist Party Political Bureau, has remained in Panama to personally direct the so-called final diplomatic offensive of the Salvadoran terrorists. Malmierca, following the plans drafted by the Soviets and Fidel Castro, has been leading the steps of the FDR diplomats, who are in Mexico trying to deceive international public opinion and desperately trying to obtain the support of some governments.

As is typical of communists when they are in trouble or trying to deceive the unwary, they create phantom organizations overnight to support their plots. Accordingly, international communism in Mexico City has called for the creation of a tribunal of peoples, which is composed only of communists, for the purpose of condemning the Salvadoran people and supporting the political pretensions of the FDR.

The extreme cynicism of this so-called diplomatic offensive by the Marxist-Leninist offensive can be seen in the condemnation made by Foreign Minister Malmierca in the name of the genocidal Cuban regime, together with Foreign Minister Osorio of Panama. It should surprise no one that Malmierca, representative of one of the most bloody and dictatorial regimes in the world, as the Cuban one is, should accuse the Salvadoran regime of systematically violating human rights. The free peoples of the world are wondering how Cuba, Fidel Castro and the Marxist-Leninist terrorists in El Salvador can demand respect for human rights. Isn't Fidel Castro directly responsible for the genocide committed against his own people and an accomplice to the murder of thousands and thousands of citizens all over the world who have fallen in the defense of freedom before the assaults of the ruthless Cuban mercenary hordes?

How can a blood-thirsty tyrant who ranks in history with that other arch-murderer called Adolf Hitler talk of human rights? Why did the Panamanian government contribute the signature of its Foreign Minister Osorio to that maneuver devised by the Havana setrap.

The Salvadoran people firmly believe that the truly democratic governments on our continent and the world will continue to reject the maneuvers of the so-called communist subversive diplomatic offensive, which pretends to submerge El Salvador into the slavery of a totalitarian government like the one which is suppressing the Cuban people and harassing the Nicaraguan people.

The Salvadoran people have emphatically rejected the calls to strike and rebellion made by the terrorists and continues, with high morale, to support its armed forces which, with courage and patriotism, are defeating terrorism in order to restore peace and promote progress and social justice for all Salvadorans.

CSO: 3010

FOLN, FDR DIPLOMATIC CAMPAIGN CRITICIZED

PA172310 San Salvador Domestic Service in Spanish 1315 GMT 17 Jan 81

[Text] Persons reading reports issued daily by representatives of the Revolutionary Democratic Front and the Farabundo Marti National Liberation Front in Mexico, Panama, Cuba and the United States are finding it difficult to believe these reports claiming absolute control of several important sectors within El Salvador when they note that the main leaders of these subversive groups do not come to the country to lead the government they claim to be establishing.

On the other hand they talk about condemning foreign intervention in the country's domestic affairs, but they refuse to see the participation of Nicaraguans, Cubans, Panamanians and others in armed landings which have been controlled and defeated by truly Salvadoran armed forces, as well as the flight of treacherous troops and defeated guerrillas to neighboring countries, such as Guatemala and Honduras.

Meanwhile they claim to control seven departments in the republic, but they do not establish a government in El Salvador. Yet representatives of these groups are asking for diplomatic support from socialist regimes to fight the Salvadoran revolutionary junta in the field of international diplomacy.

Then they say that the main purpose of the diplomatic offensive is to establish a dialogue with the United States, according to their advances on Salvadoran territory. All this indicates that while the guerrilla fronts do not hold any territory in El Salvador, abroad they claim to have the whole country under their control.

CSO: 3010

BRIEFS

REAGAN POLICIES BECOMING CLEAR--In a scant 6 days, Ronald Reagan will be taking the oath as U.S. president for the period 1981-1985. Reagan's accession to the post of U.S. chief executive will be taking place at a time when the prestige of the United States is dangerously hanging in the balance as a result of a rather unclear, or not firmly established, foreign policy. This observation necessitates no example as it has been evident during the 4 years of the Carter administration. However, it is no longer necessary to dwell heavily on what Jimmy Carter did or did not do. It is time to wait and see what Reagan will do at the White House during his tenure. Meanwhile, we will have to listen to the inaugural speech he will deliver on Tuesday next week. The message will per force include the general guidelines of his policy. Some advance statements by the future secretary of state indicate that he will adopt a resolute position with regard to relations with the USSR and Cuba and what he regards as dangers to the United States and the western world. Thus, the political lines of the Reagan administration are becoming clear. [Excerpts] [PA150215 San Salvador LA PRENSA GRAFICA in Spanish 14 Jan 81 p 7]

APPEAL FOR NATIONS' UNDERSTANDING--A fervent and opportune appeal to the nations of the world is due after analyzing the situation the nation is going through. The Salvadorans have always been able to come out ahead despite political, military and social problems. Our country, subjected to 50 years of oligarchic and imperialist domination, is freeing itself of this domination and also of U.S. and USSR exploitation. The people have realized that the present government is trying to carry out a popular democratic revolution which seeks to introduce substantial changes on behalf of the less favored sectors of our population. Such has been the agrarian reform which is fundamentally changing the system of land ownership and giving the land to those who make it produce. The banks and foreign commerce nationalizations also have been positive measures implemented by the revolutionary government. Most recently the provisional economic stabilization law has been a positive step in trying to stop the effects of inflation. These are changes which are more in tune with the nation's real needs than what the Marxist-Leninist forces, sponsored by USSR, Cuba and Nicaragua, can offer our people. The fact remains that despite their lack of popular support, the Marxist-Leninist forces are causing problems and destroying the lives of useful elements of our population, whom they are sacrificing for their own selfish interests and outrageous ambitions in a political struggle which has proven to be a total failure. [Text] [PA200106 San Salvador Domestic Service in Spanish 1422 GMT 18 Jan 81]

DISBANDED REBELS FACING HARDSHIPS--Following the total failure of what the Farabundo Martí National Liberation Front, FMLN, and the Revolutionary Democratic Front, FRD, announced as the final offensive, groups of fighters strewn throughout the jungle and hillsides in the eastern part of the country are the prey to fear, hunger and cold weather. They represent a group of men whom the Marxist leadership from abroad had offered key posts in their respective areas of action and large sums of money to some of them. These men, most of them young, without any experience in the use of arms and poorly equipped were pushed to confront army troops in an uneven battle by their leaders, who are comfortably living in hotels in Mexico and in other places far away from the battlefield. According to reports of some who accepted the amnesty offered by the government, the group who in good faith thought they were fighting for a just cause are in a desperate state because they lack food and the right clothing to protect themselves from the bad weather. The groups, who have been defeated by the army, are not receiving any help from the peasants whom they robbed of their belongings and foodstuffs when they began their operation. Some of these disbanded groups do not even have ammunition. After the sporadic clashes with the army they do not have anyone to tell them what to do and much less to supply them with the most basic necessities to survive, because their leaders have fled into safety. On losing all contact with reality, the survivors have disbanded throughout the rough zone of the eastern region without anyone caring about their fate. [Station Commentary] [Text] [PA210137 San Salvador Domestic Service in Spanish 1315 GMT 20 Jan 81]

U.S. ADVISORS ON HONDURAN BORDER--It was reported that the U.S. government will reinforce its political and military aid to the genocidal Salvadoran regime by sending advisers, helicopter gunships and other war materiel of great value. The Honduran coordinator of solidarity with the struggle of the Salvadoran people charged in Tegucigalpa that 16 U.S. advisers are directing the counterinsurgency operations being carried out by the Honduran army on the Salvadoran border and that 300 soldiers of the regime headed by Policarpo Paz García were dispatched to the post of Amatillo on the border. All of these soldiers, it was added, got orders to remove any insignia that could identify them as Honduran troops. [Text] [PA142025 Havana International Service in Spanish 1600 GMT 14 Jan 81]

'IMPERIALIST' MANEUVERS CONDEMNED--We condemn the North American intervention and predict their imminent defeat. The Yankee imperialists, desperate due to our great general offensive, which has proven the might of our heroic people, have underhandedly announced their military intervention, disguised in the Central American Defense Council, CONDECA. We all know that CONDECA has been reduced to three puppet armies, one of which, the Salvadoran Army, is being defeated rapidly by the revolutionary forces. The Yankee imperialists and the Guatemalan and Honduran Armies must realize that the military intervention in our country is going to crash against the dignity of their respective peoples who never hesitated to support the courageous struggle of the Salvadoran people, which today is at its decisive stage. Imperialist hands, off El Salvador! Guatemalan and Honduran Armies, out of El Salvador! [Station commentary] [Text] [PA121616 (Ciandestine) Radio Liberation in Spanish to El Salvador 1200 GMT 12 Jan 81]

CSO: 3010

ENEMIES WITHIN REVOLUTION MUST BE REPUDIATED

PA171737 Panama City MATUTINO in Spanish 14 Jan 81 p 4A

[Editorial: "Enemies With and Without a Mask"]

[Excerpts] With each passing day, the revolution of 11 October 1968 demonstrates to its own people and to foreigners that it was not, and is not today, just a simple bureaucratic reshuffle or a massive change of the people who would rule the government for others exactly like them; except for their physical appearance and their identity cards.

On the contrary, the revolution has proven that it was seeking and has found a different, deeper and better way of being a Panamanian. Far more than its mistakes, our revolution has had a greater number of achievements, bigger and far reaching. Above all, these years have impressed on the Panamanian spirit a new awareness of our dimension and that of our country based on the following two points: what we knew we were before October 11, and what we know Panama is today to the rest of the world.

As is clearly understood, in a country under a democratic regime, there are some sectors of the population that do not agree with the October revolution. Some because they belong to the group affected by the coup, and others because they have not been able to fulfill their hopes or ambitions within the revolutionary regime.

But one and all, those affected and those frustrated, are tolerable, understandable, and even necessary. What cannot be understood, tolerated or considered necessary is those persons that profits from the revolution, that thoroughly enjoy its benefits, but nevertheless maintain a permanent mental and spiritual attitude of disloyalty to the very movement that protects them, employs them and pays them.

Overt enemies, whatever their size may be, can even be respected. The others, the disloyal and masked ones, those inside every movement's trojan horse, deserve firm repudiation regardless of the position they occupy within the bureaucratic wheel that is pushing forward this Panama of the revolution.

CSO: 3010

OFFICIAL SAYS NO MORE IMMIGRATION LAW VIOLATIONS

PA271425 Panama City Televisora Nacional in Spanish 2315 GMT 26 Jan 81

[Station interview with Government and Justice Minister Ricardo Rodriguez 26 January--recorded]

[Text] [Question] Mr Government Minister, Panamanian authorities have officially described as "illegal" the entry of foreign personnel, particularly military personnel, through points of entry, particularly airports, in the canal area. What specifically does this government plan to do about charges in this regard?

[Answer] While you were on your way to my office this morning, I received the note sent by General Nutting to Elias Castillo [director of the immigration department] in this regard. In addition, I received a copy of a note sent to Lt Col Armando Contreras on the same subject.

As you will understand, I have just received these notes and have not had time to analyze them. In any case, regardless of what explanations are proffered by General Nutting, in the future our procedure will be to demand strict compliance with the Torrijos-Carter treaties.

We are going to live up to our commitment, which was signed by General Torrijos with the support of our people. Therefore, on our side, we will not overstep the limits of what is authorized to our government by the Torrijos-Carter treaties, but we will not permit any authority whatsoever to overstep the terms of the agreements reached with the United States.

We consider this situation to be delicate, since these incidents involve not only U.S. personnel, who should work in conjunction with us in immigration matters, but also personnel of the armed forces of other countries who come here to take advantage of the facilities offered by the School of the Americas for the training of military personnel in their specialities.

Therefore it is especially necessary for the U.S. armed forces and our immigration authorities to work in proper coordination.

We hope to reach a precise understanding on procedures in order to insure that situations like that reported by Elias Castillo will not recur, because we would be forced to resort to the powers conferred by the constitution and the laws of the republic for the treatment of persons who enter our country illegally.

CSO: 3010

UNION LEADERS CRITICIZE NEW SALARY LEVELS

PA190253 Panama City Circuito RPC Television in Spanish 1730 GMT 18 Jan 81

["Special Edition" program hosted by Mayin Correa with treaty negotiator Carlos Lopez Guevara, Union of Canal Commission Workers Local 907 Secretary General Luis Anderson and Local 900 Secretary General Saturnin Mauge as guest speakers--live in studio]

[Excerpts] [Correa] We are going to begin our program by asking a question of Saturnin Mauge, secretary general of Local 900 of the Union of the Canal Commission Workers--both Americans and Panamanians--about the canal commission's statement, in an official report, that Panama would lose \$4 billion in 20 years, that is \$200 million per year, because of a reduction in the salaries received by Panamanians. I would like Mr Mauge to expand on this information and explain how this figure was arrived at and how the salaries of Panamanian employees in the canal zone were reduced?

[Mauge] First let me explain that the treaty has established that Panama should obtain some additional proceeds from the canal. This means that this income must come from somewhere. It can come from tolls or from the workers. Since U.S. Government policy is to maintain the current tolls, the Panamanian workers will have to pay for the additional income that Panama will receive from the Torrijos-Carter treaties.

[Correa] Mr Anderson, in the first place Mauge says that it is established in the treaties, signed by Panama, that the increase of payments to Panama as benefits could come from two sources. One, from an increase in tolls, and the other, from the workers' salaries. You tell me that this was decreed by a local board here. Is this in the treaties or was it decided here?

[Anderson] The treaty calls for the opposite. This is why we insist that the establishment of this new decreased salary rate is in direct violation of the treaty and in direct disregard of the letter and spirit of the treaties. It is in disregard of the letter because the treaty establishes, for example, in Article 10, Paragraph 6, that increases in the basic scales will only be allowed for persons coming abroad--North Americans, Panamanians or from any nationality--who bring a necessary skill but who are not available in the local labor market to fill a role within the commission. But at no point does it speak of the establishment of new salary scales, especially lower salaries. On the contrary it establishes a principle of nondiscrimination in salary matters, according to the

philosophy of equal pay for equal work. Companero Mauge said that some \$200 million will be lost in the canal commission. Here in the armed forces we will lose about \$1.7 billion during the life of the treaties, which means, according to the same studies made by the civilian personnel board, a net loss to Panama for the workers and the economy of \$4 billion during the life of the treaty.

This is ironic, because Panama has received some \$2.9 million a year. However, it has received other benefits which meant many millions of dollars. For example, in 1978 salaries paid to Panamanians in the canal area amounted to \$300 million. With the new treaties Panama receives some \$80 million from tolls and other direct benefits, but at the same time with the new salary scales there is a loss of about \$400 million yearly. [as heard] It is very probable that Panama will receive less than before.

Many of the things happening in violation of the treaties within the canal commission are based on the Murphy Law of the U.S. Congress. It is true that in order to redress these injustices we shall have to amend the law. This will require time before amendments can be made. Our union is already preparing the legal battle in the United States to amend the law, in due time. It is important to note that the treaty is a group of concepts that must be developed in order to be implemented.

What is happening here is that in Article 10, which regulates the employment of Panamanian civilians in the canal commission, as well as Article 7, dealing with the implementation of Article 4 for civilian employees in the armed forces, Panama yields its right to regulate its relations with the Panamanian workers to the United States. This is in the treaty and it has been there since 1903.

However it differs with the other treaties in that it limits this to certain conditions, such as the one read by Carlos Lopez Guevara, which says that those regulations issued to the commission by the defense department will have to abide by the Panamanian labor legislation, which is not being done. This decrease in salaries is unconstitutional even in Panama and it is perfectly clear that salaries cannot be decreased.

For example, a system for labor employer relations is being created in the canal area, known as Chapter 7, which is a U.S. law and which is in complete opposition to the labor code. This is applied in employee-employer relations work, and a U.S. law is applied to Panamanian workers here. This violates Article 9, which states that only Panamanian laws will be applied to the areas made available to the U.S. armed forces. This is violated when a U.S. law is directly applied here.

Therefore the problem is the same one we have had since 1903, the Panamanians and the Americans reach a series of agreements and when the time comes to interpret these agreements there is a unilateral interpretation by the United States. Most problems in salary matters are problems of interpretation by the United States.

[Correa] Speaking of the political portions of the protests to the United States by Panama, because of violations of the treaties, you said at the beginning that it was a problem for all Panamanians because it is affecting our economy. However, during the 11 or 12 years of struggle, history will say if we attain our goals by

the year 2,000. There have been such pressures on the Panamanian people, the government, the institutions, that it would seem that we are not ready to resume the struggle again, unless we obtain total unity and we create awareness. But it seems, that the struggle was intense, for all Panamanians participated in some manner and it seemed that with the signing of the treaties there was going to be a period of relaxation, because this protest cost the country a lot of [words indistinct] time and efforts. I believe that the problem is as serious as ever and that in order to give the unions true support [words indistinct] I think that the people are tired.

[Lopez] I do not think the people are tired, we are just disappointed. I went to the mass on 9 January in Santa Ana church and was disappointed at the attendance. We must emphasize the need for national unity. The problems we face here are costing the country some \$4 billion. But today the Panamanian people feel that this is not their problem but the government's. Now the treaties are considered to be the property of a group within the country. Therefore [words indistinct] because we do not have true popular support for the protest. So we must inform the people and motivate them again. We are defending the interests of the Panamanian people and there are \$4 billion involved. Also our national dignity is being scorned. I want to take advantage of this opportunity to urge the Panamanian people to think about national unity and to confront the United States just as we did during the negotiating process.

CSO: 3010

BRIEFS

JAPANESE MINISTER ENDS VISIT--Japanese International Trade and Industry Minister Rokusuke Tanaka said the construction of a future sea-level canal through Panama is a very complex project in which the United States should participate. Tanaka, who met with Panamanian Commerce and Industry Minister Arturo Melo, said the Japanese Government expects U.S. President-elect Ronald Reagan will express his opinion on the project. The Japanese official, who yesterday left Panama City, delivered a letter to President Aristides Royo in which Japanese Prime Minister Takeo Fukuda [as heard] defines his criterion in relation to the future canal. The Japanese private sector is interested in the construction of the sea-level canal through Panama, but the government of Prime Minister Fukuda has reiterated that Japan cannot undertake such a project alone. [Text] [PA121850 Panama City Domestic Service in Spanish 1700 GMT 12 Jan 81]

PRIME MINISTER, BUSINESS LEADER VISITS--Japanese Prime Minister Zenko Suzuki and Shigeo Nagano, president of the Japanese Chamber of Commerce and Industry, will visit Panama as guests of the Panamanian Government in mid 1981 and within 2 months, respectively, a reliable source close to the presidency of the republic disclosed yesterday. Suzuki accepted the invitation from Aristides Royo to visit Panama in place of the late Prime Minister Masayoshi Ohira, noting that he is very much interested in making the visit after reviewing his political agenda. The arrival date was not confirmed. Meanwhile, Nagano, who visited Panama last year with a large Japanese delegation that opened the door to new and close friendly relations between the two nations, will come to Panama with the widow of Prime Minister Ohira and a son-in-law to head the ceremony to unveil a bust of Panama's great friend Ohira. He will also fly by helicopter to the hill called Nagano, north of Chorrera. The hill, which overlooks the two oceans, is located exactly on one side of Route 10, which has been selected for studies and the possible construction of a sea level canal. The hill has been named after Nagano to honor him as one of the geniuses behind the Japanese miracle. He visited the hill in January 1980, thus taking the initial steps to establish the close friendship ties between Panama and Japan. [Text] [PA181927 Panama City MATUTINO in Spanish 15 Jan 81 pp 1A, 15A]

HIGHER WAGES--The general revenue director has announced that 7 percent of the higher income tax collection is due to the reactivation of the economy and 12 percent is due to inflation. Apparently, the high-ranking official has not stopped to think about the importance of his affirmation. It means that the national government is benefitting from the taxpayers' lower buying power. The wage adjustments that workers obtain through their collective contracts have

turned into a substantial source of income for the treasury. Although simple, the mechanism is effective: Since income tax rates are progressive, wage increases place many taxpayers in a higher wage bracket, where taxes are higher. Thus, to the erosion of workers' wages due to inflation, we must now add the tax deductions imposed on them by a government whose economic policy burdens the lower-income sectors with the weight of its mistakes. [Text] [PA202020 Panama City LA PRENSA in Spanish 20 Jan 81 p 1 A]

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